City of Joplin **City Council Agenda Item**

REQUESTED COUNCIL MEETING DATE: December 3, 2018 (1st reading)
December 17, 2018 (Ch 100 hearing / final readings)

ITEM: Council Bill No. 2018-026 approving a Chapter 100 Plan, authorizing the City of Joplin, Missouri, to issue its Taxable Industrial Revenue Bonds and authorizing the execution of other documents connected therewith.

ORIGINATING DEPARTMENT: Legal Department
ATTACHMENTS: Council Bill No. 2018-026; copy of Chapter 100 Plan, Bond Purchase Agreement; Trust Indenture; Lease Agreement; Performance Agreement.

DEPARTMENT HEAD:	Peter C. Edwards	**DATE:**
CITY MANAGER:	Sam Anselm	**DATE:**
PLANNING, DEVELOPMENT:	Troy Bolander	**DATE:**
FINANCE DIRECTOR:	Leslie Haase	**DATE:**

INTRODUCTION:

The Council Bill approves a plan for industrial development, or "Chapter 100 plan"; authorizes the execution of documents; and authorizes the issuance of Bonds for the purpose of acquiring and installing equipment to manufacture bearings (the "Project Equipment") in a facility operated by Schaeffler Group USA, Inc. (the "Company"). The Project Equipment will be located the Company's facility at 3900 Range Line Road Joplin, MO 64804 (the "Facility") and used in the manufacturing of bearings for automotive and industrial applications. The Council Bill authorizes the City to enter into certain agreements in connection with the issuance of the Bonds.

DISCUSSION:

The project involves the acquisition and installation of approximately $67,140,000 in machinery and equipment. Various portions of the Project Equipment will be depreciated, depending on type of equipment, on a 3-year or 7-year basis. The Chapter 100 Plan provides abatement for the Project Equipment as follows:

Type	*Rate of Abatement*	*Period of Abatement*
3-year depreciable property	100%	5 years
7-year depreciable property	100%	7 years

Each item of Project Equipment will receive abatement starting with the calendar year after it is installed. Installation of the Project Equipment will occur starting in 2018 and ending in 2023. The final abatement period ends in 2030. The value of abatement is anticipated to be $2,506,842 over the entire period for all Project Equipment.

Due to a change in law that became effective in August of 2018, the Newton County Ambulance District has the right to reimbursement of amounts it otherwise would lose to abatement in a Chapter 100

transaction. For this reason, it is anticipated that the Company will be required to pay a payment in lieu of tax equal to the amount that would otherwise have been due to the Newton County Ambulance District during the life of the abatement. No other taxing jurisdictions are anticipated to receive payments in lieu of tax.

The Company is expected to add 60 jobs in connection with the Project Equipment. Under the Performance Agreement, the Company is required to retain 262 jobs at the Facility and add 60 new jobs in order to retain the abatement. The jobs must pay an average wage of $20.42 (equal to 120% of the current average wage in Newton County). If these requirements are not met, the Company will be required to make penalty payments to the taxing jurisdictions proportionate to the percentage of failure. Additionally, if the Company ceases operations at the Facility, the abatement is terminated.

The Company has represented that it will use local contractors for the installation of the Project Equipment to the greatest extent possible and that every effort will be made to hire local venders and contractors that will bring business to the Joplin area. Outside suppliers will only be used for specialized work/materials where no resources are available in the Joplin area.

Chapter 100 Bonds are authorized pursuant to Chapter 100 of the Missouri Revised Statutes. This tax abatement tool provides for the City to be the actual owner of the Project Equipment. The Project Equipment is then leased to the Company. During the time the Bonds remain unpaid and the City owns the Project Equipment, it is exempt from property taxes because title is held by the City as a tax-exempt entity. Chapter 100 Bonds are paid solely from revenue received from the lease of the Project Equipment and such Bonds are not an obligation or debt of the City, except for the obligation to apply lease payments to the bond debt service. Thus, in the unlikely event that the Company was to default on the payment of its obligations under the Bond documents, the City is not liable to make such payments from any source other than revenue received from the lease. In addition, because such Bonds do not constitute a debt of the City within the meaning of any constitutional or statutory limitation, the bonding capacity of the City is not affected by their issuance.

Under the Bond documents, the Company agrees to indemnify the City against any losses or liability that might arise out of the City's ownership of the Project Equipment. The Company is also required to carry liability insurance to cover the City in an amount equal to the Missouri limits for waiver of sovereign immunity.

$67,215,000
(AGGREGATE MAXIMUM PRINCIPAL AMOUNT)
CITY OF JOPLIN, MISSOURI
TAXABLE INDUSTRIAL REVENUE BONDS
(SCHAEFFLER EXPANSION PROJECT)
SERIES 2018

Dated as of December 1, 2018

BOND PURCHASE AGREEMENT

Mayor and City Council
Joplin, Missouri

Ladies and Gentlemen:

On the basis of the representations and covenants and upon the terms and conditions contained in this Bond Purchase Agreement, Schaeffler Group USA Inc., a Delaware corporation (the "Purchaser"), offers to purchase from the City of Joplin, Missouri (the "City"), the above-referenced Taxable Industrial Revenue Bonds (Schaeffler Expansion Project), Series 2018, dated as provided in the Indenture (hereinafter defined), in the maximum aggregate principal amount of $67,215,000 (the "Bonds"), to be issued by the City under and pursuant to an Ordinance adopted by the governing body of the City on December 17, 2018 (the "Ordinance"), and a Trust Indenture dated as of December 1, 2018 (the "Indenture") by and between the City and UMB Bank, N.A., as trustee (the "Trustee"). *Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.*

SECTION 1. REPRESENTATIONS AND AGREEMENTS

(a) By the City's acceptance hereof, the City hereby represents to the Purchaser that:

(1) The City is a home rule charter city duly organized and validly existing under the laws of the State of Missouri. The City is authorized pursuant to the Constitution, the laws of the State of Missouri, and the charter and ordinances of the City, and all necessary action has been taken to authorize, issue and deliver the Bonds and to consummate all transactions contemplated by this Bond Purchase Agreement, the Ordinance, the Indenture and the Lease Agreement dated as of December 1, 2018 (the "Lease Agreement") by and between the City and the Purchaser and any and all other agreements relating thereto. The proceeds of the Bonds shall be used for the purpose of acquiring and installing the Project Equipment and paying the costs incurred in connection with the issuance of the Bonds.

(2) There is no controversy, suit or other proceeding of any kind pending or to the City's knowledge threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the City or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act leading up to the issuance of the Bonds or the constitutionality or validity of the obligations

represented by the Bonds or the validity of the Bonds, the Lease Agreement, the Indenture or the Performance Agreement.

(b) The Purchaser represents as follows:

(1) *Organization.* The Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and duly authorized to transact business in the State of Missouri.

(2) *No Conflict or Breach*. The execution, delivery and performance of this Bond Purchase Agreement by the Purchaser have been duly authorized by all necessary action of the Purchaser and do not and will not conflict with or result in the breach of any of the terms, conditions or provisions of, or constitute a default under, its organizational documents, any law, court or administrative regulation, decree or order applicable to or binding upon the Purchaser, or, to the best of its knowledge, any agreement, indenture, mortgage, lease or instrument to which the Purchaser is a party or by which it is bound.

(3) *Documents Legal, Valid and Binding*. When executed and delivered by the Purchaser, this Bond Purchase Agreement will be, and is, a legal, valid and binding obligation, enforceable in accordance with its terms, subject, as to enforcement, to any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally and further subject to the availability of equitable remedies.

(4) *Purchaser's Certificates*. Any certificate signed by an authorized officer or agent of the Purchaser and delivered to the City shall be deemed a representation and warranty by the Purchaser to such parties as to the statements made therein.

SECTION 2. PURCHASE, SALE AND DELIVERY OF THE BONDS

On the basis of the representations and covenants contained herein and in the other agreements referred to herein, and subject to the terms and conditions herein set forth and in the Indenture, the Purchaser agrees to purchase from the City, and the City agrees to sell to the Purchaser, the Bonds on the terms and conditions set forth herein.

The Bonds shall be sold to the Purchaser by the City on the Closing Date (hereinafter defined) upon payment of an amount equal to the Closing Price (hereinafter defined), which amount shall be applied as provided in the Indenture and the Lease Agreement. From time to time after the Closing Date, the Purchaser shall make additional payments with respect to the Bonds ("Additional Payments") to the Trustee under the Indenture, which Additional Payments shall be applied to the payment of Project Costs or as provided in the Indenture and the Lease Agreement; provided that the sum of the Closing Price and all such Additional Payments shall not, in the aggregate, exceed $67,215,000.

As used herein, the term "Closing Date" shall mean December ___, 2018, or such other date as shall be mutually agreed upon by the City and the Purchaser; the term "Closing Price" shall mean that certain amount specified in an initial requisition under the Indenture and the Lease and/or a closing memorandum for the Bonds as the amount required to pay for the initial issuance of the Bonds on the Closing Date.

The Bonds shall be issued under and secured as provided in the Ordinance, the Indenture and the Lease Agreement authorized thereby and the Bonds shall have the maturity, interest rate and shall be subject to redemption as set forth therein. The delivery of the Bonds shall be made in definitive form as a fully registered bond in the maximum aggregate principal denomination of $67,215,000 and bearing interest at 5.00% per annum; provided, that the principal amount of the Bonds outstanding at any time shall be that amount recorded in the records of the Trustee and further provided that interest shall be payable on the Bonds only on the outstanding principal amount of the Bonds, as more fully provided in the Indenture.

SECTION 3. CONDITIONS TO THE OBLIGATIONS

The obligations hereunder shall be subject to the due performance by the parties of the obligations and agreements to be performed hereunder on or prior to the Closing Date and to the accuracy of and compliance with the representations contained herein, as of the date hereof and as of the Closing Date, and are also subject to the following conditions:

(a) There shall be delivered to the Purchaser on or prior to the Closing Date a duly executed copy of the Ordinance, the Trust Indenture and the Lease Agreement and any other instrument contemplated thereby shall be in full force and effect and shall not have been modified or changed except as may have been agreed to in writing by the Purchaser.

(b) The City shall confirm on the Closing Date by a certificate that at and as of the Closing Date the City has taken all action necessary to issue the Bonds and that there is no controversy, suit or other proceeding of any kind pending or to its knowledge threatened wherein any question is raised affecting in any way the legal organization of the City or the legality of any official act shown to have been done in the transcript of proceedings leading up to the issuance of the Bonds, or the constitutionality or validity of the obligations represented by the Bonds or the validity of the Bonds or any proceedings in relation to the issuance or sale thereof.

(c) The Purchaser shall execute a certificate, dated the Closing Date, to the effect that (i) no litigation, proceeding or investigation is pending against the Purchaser or its affiliates or, to the knowledge of the Purchaser, threatened which would (A) contest, affect, restrain or enjoin the issuance, validity, execution, delivery or performance of the Bonds, or (B) in any way contest the existence or powers of the Purchaser, (ii) no litigation, proceeding or investigation is pending or, to the knowledge of the Purchaser, threatened against the Purchaser that could reasonably be expected to adversely affect its ability to perform its obligations hereunder, (iii) the representations and warranties of the Purchaser herein were and are true and correct in all material respects and not misleading as of the date made and as of the Closing Date, and (iv) such other matters as are reasonably requested by the other parties in connection with the issuance of the Bonds.

SECTION 4. THE PURCHASER'S RIGHT TO CANCEL

The Purchaser shall have the right to cancel its obligation hereunder to purchase the Bonds by notifying the City in writing or by telegraph of its election to make such cancellation at any time prior to the Closing Date.

SECTION 5. CONDITIONS OF OBLIGATIONS

The obligations of the parties hereto are subject to the receipt of the approving opinion of Gilmore & Bell, P.C., Bond Counsel, with respect to the validity of the authorization and issuance of the Bonds.

SECTION 6. REPRESENTATIONS AND AGREEMENTS TO SURVIVE DELIVERY

All of the representations and agreements by either party shall remain operative and in full force and effect, and shall survive delivery of the Bonds to the Purchaser.

SECTION 7. NOTICE

Any notice or other communication to be given under this Agreement may be given by mailing or delivering the same in writing to the City, Trustee or Company at the times and at the addresses set forth for notices in the Indenture.

SECTION 8. APPLICABLE LAW; ASSIGNABILITY

This Bond Purchase Agreement shall be governed by the laws of the State of Missouri and may be assigned by the Purchaser to any entity controlled by, under common control with or controlling the Purchaser. Any such assignee shall agree to be bound by the terms of this Bond Purchase Agreement. Upon such assignment, the Purchaser shall be released from and have no further obligations under this Bond Purchase Agreement.

SECTION 9. EXECUTION OF COUNTERPARTS; ELECTRONIC STORAGE

This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document. The parties agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

[remainder of page intentionally left blank]

Very truly yours,

SCHAEFFLER GROUP USA INC.,
as Purchaser

By: _____
Name:
Title:

Accepted and Agreed to by:

CITY OF JOPLIN, MISSOURI

By: _____
Mayor

[SEAL]

ATTEST:

By: _____
City Clerk

Approved as to form:

_____
City Attorney

LEASE AGREEMENT

Dated as of December 1, 2018

between the

CITY OF JOPLIN, MISSOURI,
as Lessor,

and

SCHAEFFLER GROUP USA INC.,
as Lessee

Relating to:

$67,215,000
(Aggregate Maximum Principal Amount)
City of Joplin, Missouri
Taxable Industrial Revenue Bonds
(Schaeffler Expansion Project)
Series 2018

Certain rights of City of Joplin, Missouri (the "City"), in this Lease Agreement have been pledged and assigned to UMB Bank, N.A., as Trustee under the Trust Indenture dated as of December 1, 2018, between the City and the Trustee.

LEASE AGREEMENT

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LEASE AGREEMENT

THIS LEASE AGREEMENT, dated as of December 1, 2018 (the "Lease"), between the **CITY OF JOPLIN, MISSOURI,** a home rule charter city organized and existing under the laws of the State of Missouri (the "City"), as lessor, and **SCHAEFFLER GROUP USA INC.,** a Delaware corporation (the "Company"), as lessee;

RECITALS:

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

2. Pursuant to the Act, the governing body of the City has heretofore passed an ordinance (the "Ordinance") on December 17, 2018, authorizing the City to issue its Taxable Industrial Revenue Bonds (Schaeffler Expansion Project), Series 2018, in the maximum principal amount of $67,215,000 (the "Bonds"), for the purpose of purchasing and installing certain equipment (the "Project Equipment," as more fully described on **Exhibit A** hereto) to be used by the Company at 3900 Rangeline Road, Joplin, Missouri (the "Project Site"), and authorizing the City to lease the Project Equipment to the Company.

3. Pursuant to the Ordinance, the City is authorized to enter into a Trust Indenture of even date herewith (the "Indenture"), with UMB Bank, N.A., as Trustee (the "Trustee"), for the purpose of issuing and securing the Bonds, as therein provided, and to enter into this Lease with the Company under which the City will purchase and install the Project Equipment and will lease the Project Equipment to the Company in consideration of rental payments by the Company that will be sufficient to pay the principal of and interest on the Bonds.

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

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

ARTICLE I

DEFINITIONS

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

Section 1.2. Rules of Interpretation.

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

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

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

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

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

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

ARTICLE II

REPRESENTATIONS

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

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

(b) As of the date of delivery hereof, the City proposes to purchase and install the Project Equipment or cause the Project Equipment to be purchased and installed at the Project Site. The City proposes to lease the Project Equipment to the Company and sell the Project Equipment to the Company if the Company exercises its option to purchase the Project Equipment or upon termination of this Lease, all for the purpose of furthering the public purposes of the Act.

(c) The purchase and installation of the Project Equipment will further the public purposes of the Act.

(d) No member of the governing body of the City or any other officer of the City has any significant or conflicting interest, financial, employment or otherwise, in the Company or in the transactions contemplated hereby.

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

(a) The Company is a corporation validly existing and in good standing under the laws of the State of Delaware and is authorized to conduct business in the State of Missouri.

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

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

(d) The Project Equipment will be located at the Project Site and will comply in all material respects with all presently applicable laws, rules and regulations.

(e) The Project Site is located wholly within the incorporated limits of the City.

ARTICLE III

GRANTING PROVISIONS

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

Section 3.2. Lease Term. This Lease shall become effective upon its delivery. Subject to earlier termination pursuant to the provisions of this Lease, the lease of the Project Equipment shall terminate on **December 1, 2030**.

Section 3.3. Possession and Use of the Project Equipment.

(a) The City covenants and agrees that as long as neither the City nor the Trustee has exercised any of the remedies set forth in **Section 12.2** following the occurrence and continuance of an Event of Default, the Company shall have sole and exclusive possession of the Project Equipment (subject to Permitted Encumbrances and the City's and the Trustee's right of access pursuant to **Section 10.3** hereof) and shall and may peaceably and quietly have, hold and enjoy the Project Equipment during the Lease Term. The City covenants and agrees that it will not take any action, other than expressly pursuant to **Article XII** hereof, to prevent the Company from having quiet and peaceable possession and enjoyment of the Project Equipment during the Lease Term and will, at the request and expense of the Company, cooperate with the Company in order that the Company may have quiet and peaceable possession and enjoyment of the Project Equipment and will defend the Company's enjoyment and possession thereof against all parties.

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

ARTICLE IV

PURCHASE AND INSTALLATION OF THE PROJECT EQUIPMENT

Section 4.1. Issuance of the Bonds. To provide funds for the payment of Project Costs, the City agrees that it will issue, sell and cause to be delivered the Bonds to the purchaser of the Bonds in accordance with the provisions of the Indenture and the Bond Purchase Agreement. The proceeds of the sale of the Bonds, when received, shall be paid over to the Trustee for the account of the City. The Indenture requires the Trustee to promptly deposit such proceeds, when received, as provided therein, to be used and applied as hereinafter provided in this Lease and in the Indenture. Alternatively, the Indenture permits the Trustee (pursuant to **Section 208(d)** of the Indenture) to endorse the Bonds in an amount equal to the requisition certificates submitted pursuant to **Section 4.4** below. In that event, the

purchaser of the Bonds shall be deemed to have deposited funds with the Trustee in an amount equal to the amount stated in the requisition certificate.

Section 4.2. Purchase and Installation of the Project Equipment. The City and the Company agree that the Company as the agent of the City shall, but solely from the Project Fund, purchase and install the Project Equipment as follows:

(a) The City will acquire any portion of the Project Equipment installed or located at the Project Site at the execution hereof. Concurrently with the execution of this Lease, a bill of sale and any other necessary instruments of transfer will be delivered to the City, which may consist of a requisition containing conveyance language.

(b) The Company will purchase and install the Project Equipment at the Project Site. Except as provided in the next sentence, title to the Project Equipment shall be evidenced by bills of sale or other instruments of transfer (which may consist of a requisition containing conveyance language), including purchase orders or other instruments pursuant to which the City acquires title to personal property directly from the vendor thereof. Subject to **Section 8.2**, all Project Equipment substituted by the Company shall automatically become part of the Project Equipment subject to this Lease, and full title and ownership of such Project Equipment shall be automatically vested in the City, without the requirement of a bill of sale or other instrument of conveyance unless otherwise requested by the City. In any event, on or before March 1 of each year, the Company shall furnish to the City and the Trustee a list of items (based on the Company's internal record keeping) comprising the Project Equipment as of January 1 of such year, designating each item of Project Equipment as Three-Year Property or Seven-Year Property and setting out the date such property was acquired with Bond proceeds and the date on which the Abatement Period for each item of such property ends in accordance with **Exhibit E** to the Indenture. No property shall be included on such list of Project Equipment unless such property is within the Abatement Period for such property. The improper inclusion or exclusion of any Project Equipment pursuant to such list may be rectified by the Company within 30 days after notice of such improper inclusion or exclusion. The improper inclusion or exclusion of an item on or from such list shall not affect the items comprising the Project Equipment for the purpose of this Lease or title thereto as intended by the parties hereto. The Company shall provide such information to the Trustee as may be requested in order to ensure that such list corresponds to the list of Project Equipment maintained by the Trustee pursuant to **Section 10.8**. The City and the Company agree that property that, (1) pursuant to **Section 4.8**, is purchased by the Company with its own funds and not Bond proceeds, or (2) is outside of its Abatement Period, shall not constitute part of the Project Equipment and shall be the property of the Company and therefore subject to taxation.

(c) The Company will use its reasonable commercial efforts to cause the purchase and installation of the Project Equipment to be completed as soon as practicable. If such purchase and installation commences before the receipt of proceeds from the sale of the Bonds, the Company agrees to advance all funds necessary for such purpose.

Section 4.3. Project Costs. The City hereby agrees to pay for, but solely from the Project Fund, and hereby authorizes and directs the Trustee to pay for, but solely from the Project Fund, all Project Costs upon receipt by the Trustee of a certificate pursuant to **Section 4.4** hereof.

Section 4.4. Payment for Project Costs. Except with respect to Project Costs paid pursuant to **Section 503(d)** of the Indenture, all Project Costs as specified in **Section 4.3** hereof shall be paid by the Trustee from the Project Fund. The City hereby authorizes and directs the Trustee to make disbursements from the Project Fund, upon receipt by the Trustee of certificates in substantially the form attached hereto as **Exhibit B**, signed by an Authorized Company Representative and approved by an Authorized City Representative:

(a) requesting payment of a specified amount of such funds (which amount shall be equal to the value of the property being transferred to the City simultaneously with any request) and directing to whom such amount shall be paid;

(b) describing each item of Project Costs for which payment is being requested, including for Project Equipment, a description of the item and a serial or other identifying number, if any, for such item;

(c) designating all Project Equipment for which such Project Costs are requested as either Three-Year Property or Seven-Year Property;

(d) stating that each item for which payment is requested is or was desirable and appropriate in connection with the purchase and installation of the Project Equipment, has been properly incurred and is a proper charge against the Project Fund, that the amount requested either has been paid by the Company, or is justly due, and has not been the basis of any previous requisition from the Project Fund; and

(e) stating that, except for the amounts, if any, stated in said certificate, to the best of his knowledge there are no outstanding disputed statements for which payment is requested for labor, wages, materials, supplies or services in connection with the purchase and installation of the Project Equipment which might become the basis of a vendors', mechanics', laborers' or materialmen's statutory or other similar lien upon the Project Equipment or any part thereof.

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

Section 4.5. Establishment of Completion Date. The Completion Date shall be evidenced to the Trustee by a certificate signed by the Authorized Company Representative stating (a) that the purchase and installation of the Project Equipment has been completed and the date thereof, and (b) that all costs and expenses incurred in the purchase and installation of the Project Equipment have been paid except costs and expenses the payment of which is not yet due or is being retained or contested in good faith by the Company. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. The Company and the City agree to cooperate in causing such certificate to be furnished to the Trustee.

Section 4.6. Surplus or Deficiency in Project Fund.

(a) Upon receipt of the certificate described in **Section 4.5** hereof, the Trustee shall, as provided in **Section 504** of the Indenture, transfer any remaining moneys then in the Project Fund to the Bond Fund to be applied as directed by the Company solely to (1) the payment of principal and premium, if any, of the Bonds through the payment (including regularly scheduled principal payments, if any) or redemption thereof at the earliest date permissible under the terms of the Indenture, or (2) at the option of the Company, to the purchase of Bonds at such earlier date or dates as the Company may elect. Any amount so deposited in the Bond Fund may be invested as permitted by **Section 702** of the Indenture.

(b) If the Project Fund is insufficient to pay fully all Project Costs and to complete the Project Equipment free of liens and encumbrances other than Permitted Encumbrances, the Company shall pay into the Project Fund the full amount of any such deficiency, and the Trustee shall use those Project Fund moneys to make payments to the contractors and to the suppliers of materials and services as the same become due in accordance with the applicable contracts entered into with such contractors and suppliers all in accordance with the provisions for payment of Project Costs set forth in **Section 4.4** of this Lease, and the Company shall save and hold harmless the City and the Trustee from any obligation to pay such deficiency.

Section 4.7. Project Equipment Property of City.

(a) The Project Equipment installed on or located at the Project Site at the execution hereof and which the Company desires to convey to the City, all Project Equipment as acquired, anything under this Lease which becomes, is deemed to be, or constitutes a part of the Project Equipment, except as otherwise specifically provided herein, shall immediately when installed or purchased become the absolute property of the City, subject only to this Lease, the Indenture and the Leasehold Security Agreement, if any.

(b) This Agreement is not to be construed as transferring to the City or the Trustee any right, title, or interest to, or granting license rights under, any intellectual property owned or acquired by the Company covering the Project Equipment, other than to use the Project Equipment in the manner and to the extent provided by this Agreement.

Section 4.8. Machinery and Equipment Property of the Company. Any improvements or items of machinery or equipment which do not constitute part of the Project Equipment and the entire purchase price of which is paid for by the Company with the Company's own funds, and no part of the purchase price of which is paid for from funds deposited pursuant to the terms of this Lease in the Project Fund, shall be the property of the Company and shall not constitute a part of the Project Equipment for purposes of **Section 6.4**. When any property reaches the end of its Abatement Period, such property shall immediately cease to be part of the Project Equipment and shall become the absolute property of the Company, free and clear of the Lease and the Indenture.

ARTICLE V

RENT PROVISIONS

Section 5.1. Basic Rent.

(a) The Company covenants and agrees to pay to the Trustee in same day funds for the account of the City during this Lease Term, on or before 11:00 a.m., Trustee's local time, on each Payment Date, as Basic Rent for the Project Equipment, an amount which, when added to any collected funds then on deposit in the Bond Fund and available for the payment of principal on the Bonds and the interest thereon on such payment date, shall be equal to the amount payable on such payment date as principal of the Bonds and the interest thereon as provided in the Indenture. All payments of Basic Rent provided for in this Section shall be paid directly to the Trustee and shall be deposited in accordance with the provisions of the Indenture into the Bond Fund and shall be used and applied by the Trustee in the manner and for the purposes set forth in this Lease and the Indenture.

(b) As long as the Company owns all of the Bonds, then the Company may set-off the then-current Basic Rent payment against the City's obligation to the Company as Bondholder under the Indenture in lieu of delivery of the Basic Rent on any Payment Date, without providing notice of such set-off to the Trustee. The Trustee may conclusively rely on the absence of any notice from the Company to the contrary as evidence that such set-off has occurred. On the final Payment Date, the Company may deliver to the Trustee for cancellation Bonds not previously paid and the Company shall receive a credit against the Basic Rent payable by the Company in an amount equal to the principal amount of the Bonds so tendered for cancellation plus accrued interest thereon.

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

(a) all fees, charges and expenses, including reasonable agent and counsel fees and expenses, of the City, the Trustee and the Paying Agent incurred under the Indenture, this Lease or the Performance Agreement, as and when the same become due;

(b) all costs incident to the issuance of the Bonds and the payment of the principal of and interest on the Bonds as the same become due and payable, including all costs and expenses in connection with the call, redemption and payment of all outstanding Bonds;

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

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

Section 5.3. Obligations of Company Absolute and Unconditional.

(a) Except as expressly stated in this Agreement and Section 204(d) of the Indenture, the obligations of the Company under this Lease to make payments of Basic Rent and Additional Rent on or before the date the same become due, and to perform all of its other obligations, covenants and agreements hereunder shall be absolute and unconditional, without notice or demand, and without

abatement, deduction, counterclaim, recoupment or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising, and irrespective of whether the Project Equipment has been purchased or installed, or whether the City's title thereto or to any part thereof is defective or nonexistent, and notwithstanding any damage to, loss, theft or destruction of, the Project Equipment or any part thereof, any failure of consideration or frustration of commercial purpose, the taking by eminent domain of title to or of the right of temporary use of all or any part of the Project Equipment, legal curtailment of the Company's use thereof, any change in the tax or other laws of the United States of America, the State of Missouri or any political subdivision thereof, any change in the City's legal organization or status, or any default of the City hereunder, and regardless of the invalidity of any action of the City.

(b) Nothing in this Lease shall be construed to release the City from the performance of any agreement on its part herein contained or as a waiver by the Company of any rights or claims the Company may have against the City under this Lease or otherwise, but any recovery upon such rights and claims shall be had from the City separately, it being the intent of this Lease that the Company shall be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants under this Lease (including the obligation to pay Basic Rent and Additional Rent) for the benefit of the Owners and the City. The Company may, however, at its own cost and expense and in its own name or in the name of the City, prosecute or defend any action or proceeding or take any other action involving third Persons which the Company deems reasonably necessary in order to secure or protect its right of possession, occupancy and use hereunder, and in such event the City hereby agrees to cooperate fully with the Company and to take all action necessary to effect the substitution of the Company for the City in any such action or proceeding if the Company shall so request.

Section 5.4. Prepayment of Basic Rent. The Company may at any time and from time to time prepay all or any part of the Basic Rent provided for hereunder (subject to the limitations of **Section 301(a)** of the Indenture relating to the partial redemption of the Bonds). During such times as the amount held by the Trustee in the Bond Fund shall be sufficient to pay, at the time required, the principal of and interest on all the Bonds then remaining unpaid, the Company shall not be obligated to make payments of Basic Rent under the provisions of this Lease.

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

ARTICLE VI

MAINTENANCE, TAXES AND UTILITIES

Section 6.1. Maintenance and Repairs. Throughout the Lease Term the Company shall, at its own expense, keep the Project Equipment in a safe operating condition and keep the Project Equipment in good repair, reasonable wear, tear, depreciation and obsolescence excepted, making from time to time all repairs thereto and renewals and replacements thereof it determines to be necessary.

Section 6.2. Taxes, Assessments and Other Governmental Charges.

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

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

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

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

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

ARTICLE VII

INSURANCE

Section 7.1. Reserved.

Section 7.2. Property Insurance.

(a) The Company shall at its sole cost and expense obtain and shall maintain throughout the Lease Term, a policy or policies of insurance to keep the Project Equipment constantly insured against loss or damage by fire, lightning and all other risks covered by the extended coverage insurance endorsement then in use in the State of Missouri in an amount equal to the Full Insurable Value thereof (subject to reasonable loss deductible or self-insured retention provisions not to exceed the amounts normally or generally carried by the Company). The insurance required pursuant to this Section shall be maintained with a generally recognized responsible insurance company or companies authorized to do business in the State of Missouri or generally recognized international insurers as may be selected by the Company. Copies of certificates of insurance for such policies shall be delivered by the Company to the City and the Trustee on the date of execution of this Lease. All such policies of insurance pursuant to this Section, and all renewals thereof, shall name the City and the Company as insureds, as their respective interests may appear, shall name the Trustee as loss payee and shall contain a provision that such insurance may not be canceled by the issuer thereof without at least 10 days' advance written notice to the City, the Company and the Trustee. The Company will provide immediate notice to the City and the Trustee of the intent to cancel such insurance.

(b) In the event of loss or damage to the Project Equipment, the Net Proceeds of property insurance carried pursuant to this Section shall be paid over to the Trustee and shall be applied as provided in **Article IX** of this Lease, or as may be directed by, or on behalf of, the Owners of 100% in principal amount of the Bonds outstanding.

Section 7.3. Public Liability Insurance.

(a) The Company shall at its sole cost and expense maintain or cause to be maintained at all times during the Lease Term commercial general liability and automobile liability insurance (including but not limited to coverage for all losses whatsoever arising from the ownership, maintenance, operation or use of any automobile, truck or other motor vehicle), under which the City, the Company and the Trustee are the named or additional insureds, properly protecting and indemnifying the City and the Trustee, in an amount not less than the limits of liability set by Section 537.610 of the Revised Statutes of Missouri, as amended (subject to reasonable loss deductible clauses not to exceed the amounts normally or generally carried by the Company). The policies of said insurance shall contain a provision that such insurance may not be canceled by the issuer thereof without at least 10 days' advance written notice to the City, the Company and the Trustee. Certificates of such policies shall be furnished to the Trustee on the date of execution of this Lease. The Company will provide immediate notice to the City and the Trustee of the intent to cancel such insurance.

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

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

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

ARTICLE VIII

MODIFICATIONS, REPAIRS AND IMPROVEMENTS OF THE PROJECT EQUIPMENT

Section 8.1. Additions of Machinery and Equipment on the Project Site. Following the earlier to occur of (1) submission of requisition certificates pursuant to **Section 4.4** in an amount equal to $67,215,000 or (2) **December 31, 2023**, any additions of personal property installed on the Project Site by the Company shall, except as provided in **Section 8.2**, remain the property of the Company and shall not become part of the Project Equipment. Such personal property shall be subject to *ad valorem* taxes.

Section 8.2. Removal and Replacement of Project Equipment.

(a) The Company may, if it is not in default in making payments of Basic Rent or Additional Rent hereunder, remove from the Project Site and sell, exchange, replace or otherwise dispose of, without responsibility or accountability to the City or the Trustee with respect thereto, any items of machinery and equipment, or parts thereof, which constitute a part of the Project Equipment and which have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary or which, in the sound discretion of the Company, are otherwise no longer useful to the Company in its operations at the Project Site. Before any such removal, the Company shall deliver to the City and the Trustee a certificate signed by an Authorized Company Representative containing a complete description, including the make, model and serial numbers, if any, of any machinery or equipment constituting a part of the Project Equipment that the Company proposes to remove. Upon request, the City will execute and deliver a bill of sale that transfers full and complete title to the Company of the Project Equipment removed. Notwithstanding anything contained herein to the contrary, title to any item of the Project Equipment removed from the Project Site shall automatically vest in the Company without further instrument or action, and such vesting of title shall be self-operative effective upon removal.

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

(c) If the Company replaces any portion of the Project Equipment due to wear or damage, such replacements shall become part of the Project Equipment and shall be entitled to the tax exemption afforded by virtue of the City's ownership of the Project Equipment, provided that such replacement shall only benefit from such exemption during the original Abatement Period of the property replaced by it.

(d) If the Company replaces any portion of the Project Equipment for any other purpose, and the Company treats or could treat the cost of the replacement equipment as a capital expenditure for federal income tax purposes, then such replacement equipment shall not become part of the Project Equipment and shall be subject to *ad valorem* taxes.

(e) If the Company replaces any portion of the Project Equipment, and the Company treats or could treat the cost of the replacement equipment as an ordinary expenditure for federal income tax purposes, then such replacement equipment shall become part of the Project Equipment and shall not be subject to *ad valorem* taxes.

(f) Simultaneous with its furnishing of the list of Project Equipment to the City and the Trustee pursuant to **Section 4.2**, the Company shall (1) identify any Project Equipment that is being replaced, (2) identify the replacement equipment, and (3) state whether the replacement equipment will become part of the Project Equipment.

Section 8.3. Reserved.

Section 8.4. Permits and Authorizations. The Company shall not do or permit others under its control to do any work on the Project Site related to any repair, restoration, replacement, modification or addition to the Project Equipment, or any part thereof, unless all requisite municipal and other governmental permits and authorizations shall have been first procured. The City agrees to act promptly on all requests for such municipal permits and authorizations. All such work shall be done in a good and workmanlike manner and in strict compliance with all applicable material building and zoning laws and governmental regulations and requirements, and in accordance with the requirements, rules and regulations of all insurers under the policies required to be carried under the provisions of **Article VII** hereof.

Section 8.5. Mechanics' Liens.

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

(b) Notwithstanding paragraph (a) above, the Company may contest any such mechanics' or other similar lien if the Company (i) within 60 days after the Company becomes aware of an such lien, notifies the City and the Trustee in writing of its intention so to do, (ii) diligently prosecutes such contest, (iii) at all times effectively stays or prevents any official or judicial sale of the Project Equipment, or any part thereof or interest therein, under execution or otherwise, (iv) promptly pays or otherwise satisfies any final judgment adjudging or enforcing such contested lien claim and (v) thereafter promptly procures record release or satisfaction thereof. The Company may permit the lien so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Company is notified by the City

that, in the opinion of counsel, the interest of the City in the Project Equipment will be subject to loss or forfeiture if the lien remains unpaid during the pendency of the contest. In that event, the Company shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such pledge, lien, charge, encumbrance or claim if the same shall arise at any time. The Company shall save and hold harmless the City from any loss, costs or expenses the City may incur related to any such contest. The Company shall reimburse the City for any expense incurred by it in order to discharge or remove any such pledge, lien, charge, encumbrance or claim. The City shall cooperate fully with the Company in any such contest.

ARTICLE IX

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 9.1. Damage or Destruction.

(a) If the Project Equipment is damaged or destroyed by fire or any other casualty, whether or not covered by insurance, the Company, as promptly as practicable, shall either (1) make the determination described in subsection (f) below, or (2) repair, restore or replace the same so that upon completion of such repairs, restoration or replacement such Project Equipment is of a value not less than the value thereof immediately prior to the occurrence of such damage or destruction.

If the Company elects to repair, restore or replace the Project Equipment, any reference to the words "Project Equipment" shall be deemed to include any such new machinery, equipment and fixtures.

Unless the Company makes the determination described in subsection (f) below, the Net Proceeds of property insurance required by **Article VII** hereof received with respect to such damage or loss to Project Equipment shall be used to pay the cost of repairing, restoring or replacing such Project Equipment or any part thereof. Insurance monies in an amount less than $100,000 may be paid to or retained by the Company to be held in trust and used as provided herein. Insurance monies in any amount of $100,000 or more shall be paid to the Trustee and deposited in the Project Fund and shall be disbursed as provided in **Section 4.4** hereof to pay the cost of repairing, restoring or replacing the Project Equipment or any part thereof. If the Company makes the determination described in subsection (f) below, the Net Proceeds shall be deposited with the Trustee and used to redeem Bonds as provided in subsection (f).

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

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

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

(e) The Company agrees to give prompt notice to the City and the Trustee with respect to all fires and any other casualties occurring in, on, at or about the Project Site over $100,000.

(f) If the Company determines that repairing, replacing or restoring the Project Equipment is not practicable and desirable, any Net Proceeds of property insurance required by **Article VII** hereof received with respect to such damage or loss shall, after payment of all Additional Rent then due and payable, be paid into the Bond Fund and shall be used to redeem Bonds on the earliest practicable redemption date or to pay the principal of any Bonds as the same become due, all subject to rights of the secured party under any Leasehold Security Agreement (if any) and the Financing Party under any Financing Documents (if any). The Company agrees to be reasonable in exercising its judgment pursuant to this subsection (f).

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

Section 9.2. Reserved.

Section 9.3. Owner Approval. Notwithstanding anything to the contrary contained in this **Article IX**, the proceeds of any insurance received subsequent to a casualty may prior to the application thereof by the City or the Trustee be applied as directed by the Owners of 100% of the principal amount of Bonds outstanding, subject and subordinate to (a) the rights of the City and the Trustee to be paid all their expenses (including attorneys' fees, trustee's fees and any extraordinary expenses of the City and the Trustee) incurred in the collection of such gross proceeds and (b) the rights of the City to any amounts then due and payable under the Performance Agreement.

ARTICLE X

SPECIAL COVENANTS

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

Section 10.2. Surrender of Possession. Upon accrual of the City's right of re-entry because of the Company's default hereunder or upon the cancellation or termination of this Lease for any reason other than the Company's purchase of the Project Equipment pursuant to **Article XI** hereof, the Company shall peacefully surrender possession of the Project Equipment to the City in good condition and repair.

Section 10.3. Right of Access to the Project Equipment. The City may conduct such periodic inspections of the Project Equipment as may be generally provided in the City's code. In addition, the Company agrees that the City and the Trustee and their duly authorized agents shall have the right at reasonable times during normal business hours and, except in the event of emergencies, upon not less than one Business Day's prior notice, subject to the Company's usual safety and security requirements, to enter upon the Project Site (a) to examine and inspect the Project Equipment without interference or prejudice to the Company's operations, (b) to monitor the purchase and installation provided for in **Section 4.2** hereof as may be reasonably necessary, (c) to examine all files, records, books and other materials in the Company's possession pertaining to the acquisition, installation or maintenance of the Project Equipment, (d) to perform such work in and about the Project Equipment made necessary by reason of the Company's default under any of the provisions of this Lease, and (e) upon either (i) the occurrence and continuance of an Event of Default or (ii) the Company's failure to purchase the Project Equipment at the end of the Lease Term, to exhibit the Project Equipment to prospective purchasers, lessees or trustees.

Section 10.4. Granting of Easements; Leasehold Security Agreements and Financing Arrangements.

(a) Subject to **Section 10.4(c)** and **(d)**, if no Event of Default under this Lease has happened and is continuing, the Company may at any time or times (1) grant subleases (as permitted in **Section 13.1(b)** hereof), or licenses, of the Project Equipment, or parts thereof, (2) release or terminate existing subleases, or licenses, all with or without consideration and upon such terms and conditions as the Company shall determine, or (3) incur Permitted Encumbrances. The Company may take such actions and may execute any applicable documents in the Company's own name. No separate signature of or authorization from the City shall be required for the execution and delivery of any such document, although the City agrees to execute and deliver such confirming documents as are described below, under the procedures described below, if the Company chooses to make such a request. All third parties entering into agreements with the Company or receiving delivery of or the benefit of such agreements or documents shall be entitled to rely upon the same as having been executed and delivered by the City, unless such third party has actual or constructive notice that the agency herein granted by the City to the Company has been terminated by the City because of an uncured Event of Default hereunder. The City agrees that it will execute and deliver and will cause and direct the Trustee to execute and deliver any instrument necessary or appropriate to confirm and grant, release or terminate any such sublease, license, or any such agreement or other arrangement, upon receipt by the City and the Trustee of: (i) a copy of the instrument of grant, release or termination or of the agreement or other arrangement, (ii) a written application signed by an Authorized Company Representative requesting such instrument, and (iii) a certificate executed by an Authorized Company Representative stating that such grant or release is not detrimental to the proper conduct of the business of the Company, will not impair the effective use or interfere with the efficient and economical operation of the Project Equipment, will not materially adversely affect the security intended to be given by or under the Indenture and will be a Permitted Encumbrance. If no Event of Default has happened and is continuing beyond any applicable grace period, any payments or other consideration received by the Company for any such grant or with respect to or under any such agreement or other arrangement shall be and remain the property of the Company; but, subject to **Sections 10.4(c)** and **(d)**, upon (i) termination of this Lease for any reason other than the

redemption of the Bonds and/or the purchase of the Project Equipment by the Company or (ii) the occurrence and continuance of an Event of Default by the Company, all rights then existing of the Company with respect to or under such grant shall inure to the benefit of and be exercisable by the City and the Trustee.

(b) The Company may mortgage the leasehold estate created by this Lease, with prior notice to but without the consent of the City, provided and upon condition that:

(i) a duplicate original or certified copy or photostatic copy of each such mortgage, and the note or other obligation secured thereby, is delivered to the City within thirty (30) days after the execution thereof; and

(ii) such mortgage shall contain a covenant to the effect that the net proceeds of all insurance policies and the condemnation award shall be held, used and applied for the purposes and in the manner provided for in this Lease.

(c) The City acknowledges and agrees that the Company may finance and refinance its rights and interests in the Project Equipment, this Lease and the leasehold estate created hereby and, in connection therewith, the Company may execute Financing Documents with one or more Financing Parties. Notwithstanding anything contained to the contrary in this Lease, the Company may, at any time and from time to time, with prior notice to but without the consent of the City (i) execute one or more Financing Documents upon the terms contained in this **Section 10.4** and (ii) sublease or assign this Lease, the leasehold estate, any sublease and rights in connection therewith, and/or grant liens or security interests therein, to any Financing Party. Any further sublease or assignment by any Financing Party shall be subject to the provisions of **Section 13.1(c)**.

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

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

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

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

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

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

(vi) the Financing Parties (and their designees, nominees, assignees or transferees) shall have the right to enter, possess and use the Project Equipment at such reasonable times and manner as are necessary or desirable to effectuate the remedies and enforce their respective rights under the Financing Documents.

(e) In connection with the execution of one or more Financing Documents, upon the request of the Company, the City agrees to execute such documents as shall be reasonably requested by a Financing Party and which are usual and customary in connection with the closing of the financing or refinancing pursuant to the Financing Documents. The Company agrees to reimburse the City for any and all costs and expenses incurred by the City pursuant to this Section, including reasonable attorneys' fees and expenses, in complying with such request.

(f) The Company's obligations under any mortgage or Financing Document relating to the Project Equipment shall be subordinate to the Company's obligations under this Lease.

Section 10.5. Indemnification of City and Trustee. The Company shall indemnify and save and hold harmless the City and the Trustee and their governing body members, officers, agents and employees from and against all claims, demands, costs, liabilities, damages or expenses, including attorneys' fees, by or on behalf of any Person, firm or corporation arising from the issuance of the Bonds and the execution of this Lease, the Performance Agreement or the Indenture and from the conduct or management of, or from any work or thing done in or on the Project Equipment during the Lease Term, and against and from all claims, demands, costs, liabilities, damages or expenses, including attorneys' fees, arising during the Lease Term from (a) any condition of the Project Equipment, (b) any breach or default on the part of the Company in the performance of any of its obligations under this Lease, the Performance Agreement, the Indenture or any related document, (c) any contract entered into in connection with the purchase or installation of the Project Equipment, (d) any act of negligence of the Company or of any of its agents, contractors, servants, employees or licensees, (e) unless the Company has been released from liability pursuant to **Section 13.1(c)**, any act of negligence of any assignee or sublessee of the Company, or of any agents, contractors, servants, employees or licensees of any assignee or sublessee of the Company, (f) any violation of Section 107.170 of the Revised Statutes of Missouri, as amended, and (g) the acceptance or administration by the Trustee of the trust created by the Indenture; provided, however, the indemnification contained in this **Section 10.5** shall not extend to the City or Trustee if such claims, demands, costs, liabilities, damages or expenses, including attorneys' fees, are (i)

the result of work being performed on the Project Equipment by employees of the City, or (ii) the result of gross negligence or willful misconduct by the City or the Trustee. Upon notice from the City or the Trustee, the Company shall defend them or either of them in any such action or proceeding. This **Section 10.5** shall survive any termination of this Lease and the Performance Agreement, the satisfaction and discharge of the Indenture or the resignation or removal of the Trustee.

Section 10.6. Depreciation, Investment Tax Credit and Other Tax Benefits. The City agrees that any depreciation, interest expense deduction, investment tax credits or any other tax benefits with respect to the Project Equipment or any part thereof shall, for federal and state income tax purposes, belong to the Company, and the City will fully cooperate with the Company in any effort by the Company to avail itself of any such depreciation, interest expense deduction, investment tax credits or other tax benefits.

Section 10.7. Company to Maintain its Existence. The Company agrees that until the Bonds are paid or payment is provided for in accordance with the terms of the Indenture, it will maintain its existence, and will not dissolve or otherwise dispose of all or substantially all of its assets; provided, however, that the Company may, without violating the agreement contained in this Section, consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into it, or may sell or otherwise transfer to another Person all or substantially all of its assets as an entirety and thereafter dissolve, provided, the surviving, resulting or transferee Person (a) expressly assumes in writing all the obligations of the Company contained in this Lease, and (b) (i) the long-term debt rating of such Person or the long-term debt rating of an entity controlled by, under common control with or controlling such Person, is the same as or better than the long-term debt rating category by any nationally recognized rating service as the Company, (ii) such Person is controlled by, under common control with or controls the Company, or (iii) such Person has a Net Worth of at least $50,000,000. For purposes hereof, "Net Worth" shall mean total assets less total liabilities as reported on the financial statements of such Person pursuant to generally accepted accounting principles.

Section 10.8. Security Interests.

(a) To secure the payment of all of the Company's obligations under this Lease, to the extent permitted by law, the Trustee retains a security interest in all personal property consisting of the Project Equipment, including all additions, attachments, accessions thereto, substitutions therefor and on any proceeds therefrom.

(b) The City and the Company hereby authorize the Trustee to file all appropriate financing and continuation statements as may be required under the Uniform Commercial Code in order to fully preserve and protect the security of the Owners and the rights of the Trustee hereunder. At the written request of all of the Owners, the City and the Company agree to enter into any other instruments necessary for perfection of and continuance of the perfection of the security interests of the City and the Trustee in the Project Equipment. Upon the written instructions of the Owners of 100% of the Bonds then Outstanding, the Trustee shall file all instruments the Owners deem necessary to be filed and shall continue or cause to be continued such instruments for so long as the Bonds are Outstanding. The City and the Company shall cooperate with the Trustee in this regard by providing such information as the Trustee may require to file or to renew such statements. The Trustee shall maintain a file showing a description of all Project Equipment, said file to be compiled from the certificates furnished to the Trustee pursuant to **Section 4.2** and **Section 8.2** hereof.

ARTICLE XI

OPTION AND OBLIGATION TO PURCHASE THE PROJECT

Section 11.1. Option to Purchase the Project Equipment.

(a) The Company shall have, and is hereby granted, the option to purchase the Project Equipment at any time, upon payment in full of all Bonds then outstanding or provision for their payment having been made pursuant to **Article XIII** of the Indenture.

(b) To exercise such option the Company shall give written notice to the City and to the Trustee, and shall specify therein the date of closing such purchase, which date shall be not less than 30 nor more than 90 days from the date such notice is mailed, and in case of a redemption of the Bonds in accordance with the provisions of the Indenture the Company shall make arrangements satisfactory to the Trustee for the giving of the required notice of redemption. Notwithstanding the foregoing, if the City or the Trustee provides notice of its intent to exercise its remedies hereunder upon an Event of Default (a "Remedies Notice"), the Company shall be deemed to have exercised its repurchase option under this Section on the 29th day following the issuance of the Remedies Notice without any further action by the Company; provided said notice has not been rescinded by such date. The Company may rescind such exercise by providing written notice to the City and the Trustee on or before the 29th day and by taking such action as may be required to cure the default that led to the giving of the Remedies Notice. The purchase price payable by the Company in the event of its exercise of the option granted in this Section shall be the sum of the following:

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

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

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

(4) the sum of $10.00.

At its option, to be exercised at least five (5) days before the date of closing such purchase, the Company may deliver to the Trustee for cancellation Bonds not previously paid, and the Company shall receive a credit against the purchase price payable by the Company in an amount equal to 100% of the principal amount of the Bonds so delivered for cancellation, plus the accrued interest thereon.

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

(a) A release of the Project Equipment from the lien and/or security interest of the Indenture and this Lease and appropriate termination of financing statements as required under

the Uniform Commercial Code, all executed by a duly authorized officer of the Trustee, on behalf of the Trustee as assignee of the City.

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

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

Section 11.4. Obligation to Purchase the Project Equipment. The Company hereby agrees to purchase, and the City hereby agrees to sell, the Project Equipment upon the expiration of the Lease Term following full payment of the Bonds or provision for payment thereof having been made in accordance with the provisions of the Indenture. The amount of the purchase price under this Section shall be equal to the amount set forth in **Section 11.1(b)(1), (2), (3)** and **(4)** above.

ARTICLE XII

DEFAULTS AND REMEDIES

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

(a) Default in the due and punctual payment of Basic Rent or Additional Rent; or

(b) Default in the due observance or performance of any other covenant, agreement, obligation or provision of this Lease on the Company's part to be observed or performed, and such default continues for 30 days after the City or the Trustee has given the Company written notice specifying such default (or such longer period as is reasonably required to cure such default; provided that (1) the Company has commenced such cure within said 30-day period, and (2) the Company diligently prosecutes such cure to completion); or

(c) The Company: (1) admits in writing its inability to pay its debts as they become due; or (2) files a petition in bankruptcy or for reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the Bankruptcy Code as now or in the future amended or any other similar present or future federal or state statute or regulation, or files a pleading asking for such relief; or (3) makes an assignment for the benefit of creditors; or (4) consents to the appointment of a trustee, receiver or liquidator for all or a major portion of its

property or fails to have the appointment of any trustee, receiver or liquidator made without the Company's consent or acquiescence, vacated or set aside; or (5) is finally adjudicated as bankrupt or insolvent under any federal or state law; or (6) is subject to any proceeding, or suffers the entry of a final and non-appealable court order, under any federal or state law appointing a trustee, receiver or liquidator for all or a major part of its property or ordering the winding-up or liquidation of its affairs, or approving a petition filed against it under the Bankruptcy Code, as now or in the future amended, which order or proceeding, if not consented to by it, is not dismissed, vacated, denied, set aside or stayed within 90 days after the day of entry or commencement; or (7) suffers a writ or warrant of attachment or any similar process to be issued by any court against all or any substantial portion of its property, and such writ or warrant of attachment or any similar process is not contested, stayed, or is not released within 60 days after the final entry, or levy or after any contest is finally adjudicated or any stay is vacated or set aside; or

(d) The Company abandons the Project Equipment or any material portion thereof, and the same remains uncared for or abandoned for a period of 90 days, or if the Company ceases operations (as defined in **Section 3.6** of the Performance Agreement) at the Project Site or is ejected from the Project Site; or

(e) The Company fails to (1) pay amounts due under the Performance Agreement or (2) comply with the other material terms of the Performance Agreement, and such default referred to in clause (2) continues for 60 days after the City, the Trustee or any other party to the Performance Agreement has given the Company written notice specifying such default (or such longer period as is reasonably required to cure such default; provided that (a) the Company has commenced such cure within such 60-day period, and (b) the Company diligently prosecutes such cure to completion).

Section 12.2. Remedies on Default. If any Event of Default referred to in **Section 12.1** hereof has occurred and continues beyond the period provided to cure, then the City may at the City's election (subject, however, to any restrictions against acceleration of the maturity of the Bonds or termination of this Lease in the Indenture), then or at any time thereafter, and while such default continues, take any one or more of the following actions:

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

(b) give the Company written notice of intention to terminate this Lease on a date specified therein, which date shall not be earlier than 30 days after such notice is given, and if all defaults have not then been cured, on the date so specified, the Owners shall tender or be deemed to have tendered the outstanding principal amount of the Bonds for cancellation with instruction that such tender is in lieu of payment in accordance with **Section 11.1** hereof, the Company's rights to possession of the Project Equipment shall cease and this Lease shall thereupon be terminated, and the City may take possession of the Project Equipment or, if the Company has paid all obligations due and owing under the Indenture, this Lease and the Performance Agreement, convey the Project in accordance with **Section 11.2** hereof.

Section 12.3. Survival of Obligations. The Company covenants and agrees with the City and Owners that its obligations under this Lease shall survive the cancellation and termination of this Lease,

for any cause, and that the Company shall continue to pay the Basic Rent and Additional Rent and perform all other obligations provided for in this Lease, all at the time or times provided in this Lease.

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

Section 12.5. Rights and Remedies Cumulative. The rights and remedies reserved by the City and the Company hereunder and those provided by law shall be construed as cumulative and continuing rights. No one of them shall be exhausted by the exercise thereof on one or more occasions. The City and the Company shall each be entitled to specific performance and injunctive or other equitable relief for any breach or threatened breach of any of the provisions of this Lease, notwithstanding the availability of an adequate remedy at law, and each party hereby waives the right to raise such defense in any proceeding in equity.

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

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

ARTICLE XIII

ASSIGNMENT AND SUBLEASE

Section 13.1. Assignment; Sublease.

(a) The Company may assign, transfer, encumber or dispose of this Lease or any interest herein or part hereof for any lawful purpose under the Act. With respect to any assignment, the Company shall comply with the following conditions:

(1) Such assignment shall be in writing, duly executed and acknowledged by the assignor and in proper form for recording;

(2) Such assignment shall include the entire then unexpired term of this Lease; and

(3) A duplicate original of such assignment shall be delivered to the City and the Trustee within 10 days after the execution thereof, together with an assumption agreement, duly executed and acknowledged by the assignee and in proper form for recording, by which the assignee shall assume all of the terms, covenants and conditions of this Lease on the part of the Company to be performed and observed.

(b) The Company shall have the right to sublet all or any part of the Project Equipment to a single entity for any lawful purpose under the Act. The Company shall, within ten (10) days after the delivery thereof, furnish or cause to be furnished to the City and the Trustee a true and correct copy of each such sublease. Any sublease may provide, at the Company's option, for further subletting by the sublessee thereunder, without the consent of the City, if such further subletting is for a similar purpose as the original sublease and is for a purpose permissible under the Act.

(c) Notwithstanding the foregoing, the right of the Company to assign or sublease any interests in this Lease without the prior written consent of the City shall only apply to assignments made to an entity that satisfies the requirements of **Section 10.7** hereof. Any assignee of all the rights of the Company shall agree to be bound by the terms of this Lease, the Performance Agreement and any other documents related to the issuance of the Bonds. Upon such assignment of all the rights of the Company and agreement by the assignee to be bound by the terms of this Lease, the Performance Agreement and any other documents related to the Bonds, the Company shall be released from and have no further obligations under this Lease, the Performance Agreement or any agreement related to the issuance of the Bonds.

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

Section 13.3. Reserved.

Section 13.4. Restrictions on Sale or Encumbrance of Project Equipment by City. During the Lease Term, the City agrees that, except to secure the Bonds to be issued pursuant to the Indenture, it will not sell, assign, encumber, mortgage, transfer or convey the Project Equipment or any interest therein.

ARTICLE XIV

AMENDMENTS, CHANGES AND MODIFICATIONS

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

the prior written consent of the Trustee, given in accordance with the provisions of the Indenture, which consent, however, shall not be unreasonably withheld.

ARTICLE XV

MISCELLANEOUS PROVISIONS

Section 15.1. Notices. Any notice or other communication to be given under this Lease may be given by mailing or delivering the same in writing to the City, Trustee or Company at the times and at the addresses set forth for notices in the Indenture.

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

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

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

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

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

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

Section 15.8. Execution in Counterparts; Electronic Storage. This Lease may be executed in several counterparts, each of which shall be deemed to be an original and all of which shall constitute but one and the same instrument. The parties agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

[remainder of page intentionally left blank]

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

CITY OF JOPLIN, MISSOURI

By: _____
Mayor

[SEAL]

ATTEST:

By: _____
City Clerk

Approved as to form:

_____
City Attorney

SCHAEFFLER GROUP USA INC.

By: _____
Name:
Title:

EXHIBIT A

PROJECT EQUIPMENT

All equipment financed with the proceeds of the Bonds located on the Project Site in Joplin, Newton County, Missouri, to and until the end of the Abatement Period for each such item of equipment. No Project Equipment shall be acquired with Bond proceeds after December 31, 2023.

EXHIBIT B

FORM OF REQUISITION CERTIFICATE

Requisition No. _____
Date: _____

REQUISITION CERTIFICATE

TO: UMB BANK, N.A., AS TRUSTEE UNDER A TRUST INDENTURE DATED AS OF DECEMBER 1, 2018, BETWEEN THE CITY OF JOPLIN, MISSOURI, AND THE TRUSTEE, AND LEASE AGREEMENT DATED AS OF DECEMBER 1, 2018, BETWEEN THE CITY OF JOPLIN, MISSOURI, AND SCHAEFFLER GROUP USA INC.

The undersigned Authorized Company Representative hereby states and certifies that:

1. A total of $_____ is requested to pay for Project Costs (as defined in said Trust Indenture).

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

3. Set forth on **Schedule 2** hereto is a description of the Project Equipment acquired by the Company and which is being paid for pursuant to this Requisition Certificate.

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

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

6. With respect to all personal property described in this Requisition Certificate and for which Project Costs are disbursed pursuant to this Requisition Certificate, in consideration of such disbursement, such personal property is hereby BARGAINED and SOLD, and the Company by these presents does now GRANT and CONVEY, unto the CITY OF JOPLIN, MISSOURI, and its successors and assigns, all of its right, title and interest, if any, in and to such personal property, and such personal property shall constitute a portion of the "Project Equipment" as defined under the Lease Agreement dated as of December 1, 2018, between the Company and the City. The property is being conveyed "as is," "where is" and "with all faults" as of the date of this Requisition Certificate, without any representation or warranty whatsoever as to its condition, fitness for any particular purpose, merchantability, or any other warranty, express or implied.

SCHAEFFLER GROUP USA INC.

By: _____
Authorized Company Representative

SCHEDULE 1
TO REQUISITION CERTIFICATE

Payee and Address	**Description**	**Amount**

SCHEDULE 2
TO REQUISITION CERTIFICATE

PROJECT EQUIPMENT

Item (Description)	**Serial or Identification Number**	**Designate 3-Year or 7-Year Property (GDS)**

PERFORMANCE AGREEMENT

Dated as of December 1, 2018

BY AND BETWEEN

SCHAEFFLER GROUP USA INC.

AND

CITY OF JOPLIN, MISSOURI

PERFORMANCE AGREEMENT

THIS PERFORMANCE AGREEMENT, dated as of December 1, 2018, as from time to time amended and supplemented in accordance with the provisions hereof (this "**Agreement**"), by and between the City of Joplin, Missouri, a municipal corporation duly organized and existing under the laws of the State of Missouri (the "**City**"), and Schaeffler Group USA Inc., a Delaware corporation (hereinafter, together with its wholly owned affiliates, referred to as the "**Company**");

RECITALS:

WHEREAS, the City is authorized by Sections 100.010 to 100.210, RSMo, as amended, and Article VI Section 27(b) of the Missouri Constitution (the "**Act**"), to purchase, construct, extend and improve certain facilities for commercial, industrial, warehousing and manufacturing purposes, to enter into leases and lease-purchase agreements with any person, firm or corporation for said projects, and to issue revenue bonds for the purpose of paying the cost of any such facilities; and

WHEREAS, pursuant to the Act, the City Council of the City has passed an ordinance authorizing the City to issue its Taxable Industrial Revenue Bonds (Schaeffler Expansion Project), Series 2018 (the **"Bonds"**), in the principal amount of not to exceed $67,215,000 for the purpose of equipping the Company's facility located on certain real estate in Joplin, Missouri (the "**Project Site**"), by the acquisition and installation of certain machinery and equipment (the "**Project Equipment**"), and together with any additions, alterations, replacements, substitutions thereto now or hereafter acquired and installed within the facility located on the Project Site by the Company (the **"Project"**), and authorizing the City to lease the Project Equipment to the Company pursuant to a Lease Agreement to be entered into by and between the City, as lessor, and the Company, as lessee, at the time the Bonds are issued (the "**Lease**"); and

WHEREAS, pursuant to the foregoing, the City desires to enter into this Agreement with the Company in consideration of the Company's desire to cause the acquisition and installation of the Project as more fully described in the Lease upon the terms and conditions hereinafter set forth.

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

ARTICLE I

DEFINITIONS

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

"Agreement" means this Performance Agreement between the City and the Company, as from time to time amended and supplemented in accordance with the provisions hereof.

"Ambulance District" means the Newton County Ambulance District.

"Annual Jobs Report" means the Annual Jobs Report required to be filed by the Company by **Section 4.4** hereof.

"Average Wage" means $20.42 per hour calculated as follows: for a specified period, the sum of: (a) base wages paid, (b) the cost of fringe benefits provided, plus (c) incentive and bonuses awarded to those persons which are engaged in the Jobs hereunder, divided by the number of hours performed by such persons during such specified period.

"County" means Newton County, Missouri.

"Event of Default" means any Event of Default as provided in **Section 6.1** hereof.

"Grant" or **"Grants"** means payments in lieu of taxes made by the Company to the City pursuant to **Section 3.1** of this Agreement.

"Indenture" means the Trust Indenture dated as of December 1, 2018 relating to the issuance of the Bonds, as amended from time to time.

"Job" means a full-time position with the Company of not less than 30 hours per week at the Project. Positions filled by workers who are not directly employed by the Company do not qualify as "Jobs" for purposes of this definition; provided, however that workers who are employed by a third party company at the Project Site pursuant to a written agreement with the Company during an employee's probationary period shall qualify as a "Job" for purposes of this definition; provided, further, that workers performing less than 30 hours per week but not less than 20 hours per week shall constitute one-half of a "Job" for purposes of this definition; provided, further, that such workers who are employed by a Related Taxpayer shall qualify as a "Job" for purposes of this definition.

"Lease" means the Lease Agreement to be entered into by and between the City and the Company at the time of issuance of the Bonds.

"Penalty Payments" means the penalty payments provided for in **Article III** hereof.

"Project" means the acquisition and installation of the Project Equipment at the Project Site.

"Project Costs" means all costs and expenses of every nature relating to the acquisition, purchase and installation of the Project Equipment.

"Project Equipment" has the meaning given in the Indenture.

"Project Site" means 3900 South Rangeline Road, Joplin, Missouri 64804.

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

"Replacement Project Equipment" means personal property located on the Project Site which is purchased, acquired and installed by the Company to replace Project Equipment which has become, as

certified in writing by the Company to the City, inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary or otherwise no longer useful to the Company in its operations conducted on the Project Site.

"Required Number of Jobs" means 262 Jobs on September 30, 2019 and September 30, 2020; and 322 Jobs on September 30, 2021, and each Test Date thereafter.

"Test Date" means September 30 of each year, beginning on September 30, 2019, and ending on September 30, 2030.

ARTICLE II

ISSUANCE OF BONDS

Section 2.1. Issuance of the Bonds. The City intends to issue the Bonds under the Act for the purposes of paying the Project Costs. In connection with the issuance of the Bonds, the City shall acquire title to the Project Equipment.

ARTICLE III

PERSONAL PROPERTY TAX EXEMPTION; PENALTY PAYMENTS

Section 3.1. Personal Property Tax Exemption. So long as the City owns title to the Project Equipment, the City expects the Project to be exempt from ad valorem taxes on personal property. Each item of property that is a part of the Project Equipment shall be exempt from ad valorem taxes during the Abatement Period for such item of Project Equipment. The Replacement Project Equipment shall be exempt from ad valorem taxes on personal property for the remaining Abatement Period for the Project Equipment so replaced. Notwithstanding any other provision of this Agreement to the contrary, the last year of the final Abatement Period shall be 2030. The Company shall pay, or cause to be paid, to the City the Grants for the Project in the amounts, and on the dates set forth, on **Exhibit C** hereto. The Grants shall be distributed by the City to the Ambulance District.

Section 3.2. Penalty Payments Upon Non-Performance.

(a) The Company covenants to maintain the Required Number of Jobs at the Project Site for so long as this Agreement is in effect. The Company further covenants that the Required Number of Jobs shall have not less than the Average Wage for so long as this Agreement is in effect.

(b) In the event the Company fails to maintain the Required Number of Jobs at the Project Site measured by determining the highest actual number of Jobs during the 90-day period ending on each Test Date or the Company fails to maintain the Required Number of Jobs at not less than the Average Wage, the Company shall pay to the City Penalty Payments in an amount equal to a percentage of the personal property taxes that would otherwise be due on the Project Equipment if the Project Equipment were not exempt by reason of the City's ownership, beginning at a Zero Percent (0%) Penalty Payment for compliance, in accordance with the following formula:

$$\frac{(a \times c)}{(b \times d)} \times 100 = \text{Percent of Deficiency}$$

100% minus the Percent of Deficiency = Pro Rata % of Increase in Penalty Payment from Zero Percent

a = Actual Number of Jobs as of Test Date
b = Projected Required Number of Jobs as of Test Date
c = Actual Average Wage as of Test Date
d = Projected Average Wage as of Test Date

(c) In the event Penalty Payments are required by **Section 3.2(b)** hereof, the Company covenants and agrees to make the Penalty Payments to the City on or before December 1 of the year in which the Company fails to maintain the Required Number of Jobs at the Average Wage, commencing December 1, 2019 and to and including December 1, 2030. All such Penalty Payments shall be made to the City which shall transfer and allocate the same to each of the taxing districts in which the Project is located proportionately based on their respective then current tax levies compared to the then current total tax levies of all such taxing districts pursuant to Section 100.050 of the Revised Statutes of Missouri, as amended (provided that any Grants payable to the Ambulance District for such year shall be deducted from any penalty payments that would otherwise be allocable to the Ambulance District). In no event will the total amount of the Grants and the Penalty Payments exceed the amount of property taxes payable for the Project Equipment assuming the Project Equipment were subject to ad valorem property taxes.

Section 3.3. Obligation to Effect Tax Abatement. The City shall take all actions within its control to obtain and/or maintain in effect the exemption referred to in **Section 3.1** above, including any filing required with any governmental authorities; provided, however, the City shall not be liable for any failure of any other governmental taxing authority to recognize the exemption provided herein.

Section 3.4. Other Property Taxes in Connection with the Project Equipment; Credits. The personal property tax exemption provided by the City's ownership of the Project Equipment is expected to apply to all interests in the Project Equipment during the period it is owned by the City. If any property taxes are levied by or on behalf of the City or any other taxing jurisdiction against any interest in the Project Equipment during the period the City owns the Project Equipment (including, without limitation, any taxes levied against the Company's rights in the Lease), the amount of tax payments related to such levy or levies which are paid by the Company and received by the City or any other taxing jurisdiction shall be credited against and reduce on a pro rata basis the amount of the Penalty Payments the Company is obligated to pay pursuant to this Agreement. The Company shall be responsible for any taxes related to any interest in the Project Equipment which the Company owns in its own name or granted to the Company other than pursuant to the Lease.

Section 3.5. Costs of the City. The Company agrees to make an annual payment to the City to reimburse the City for administrative costs connected with this Agreement; provided, however that such payments shall not exceed $1,000 per year. Said payments will be made on or before December 1 of each year beginning in 2019 and continuing until the expiration or termination of this Agreement. The City shall give 30 days notice of the actual amount due at least 30 days prior to the payment due date.

Section 3.6. Sales Tax. The parties expect that the acquisition of the Project Equipment will be exempt from any sales taxes imposed by any governmental authority by virtue of the equipment being purchased for use in a manufacturing process; however, the Company shall be responsible for any taxes levied or assessed by the Missouri Department of Revenue in relation to the Project and any such sales

taxes paid by the Company shall not be offset against Grants or Penalty Payments that may be due under this Agreement.

Section 3.7. Company's Right To Protest Taxes. Notwithstanding any other provision of this Agreement to the contrary, nothing in this Agreement shall be construed to limit or in any way restrict the availability of any provision of Missouri law which confers upon the Company the right to appeal, protest or otherwise contest any property tax valuation, assessment, classification or similar action.

Section 3.8. Cessation of Operations at the Project. If for any reason the Company ceases operation at the Project Site during the term of this Agreement, the Company shall make a Penalty Payment to the City equal to 100% of the amounts that would otherwise be payable to each taxing jurisdiction if the Project were not otherwise exempt from taxation on or before December 31 in the year in which the Company ceases operation and on each December 31 thereafter for each year in which the Project is, on January 1 of such year, still titled in the name of the City, and the Company has ceased operations. Within 30 days of the date of receipt of such Penalty Payment and after reduction for administrative costs of the City as provided by **Section 3.5**, the City shall divide each Penalty Payment among the taxing jurisdictions within the City in proportion to the amount of the then current ad valorem tax levy of each taxing jurisdiction.

"Ceases operations" or "cessation of operations" means the failure of the Company to employ an average of at least 90 full-time equivalent employees at the Project for a period of 12 consecutive months; provided, however, that if such failure is due to a casualty at the Project, such failure shall not constitute the "cessation of operations" provided that the Company promptly commences the reconstruction of the Project and diligently pursues such reconstruction and such reconstruction is completed within 12 months of the casualty event. In the event of such a casualty, the period of time for calculating compliance with the requirements under **Section 3.1** and any amounts due under **Section 3.2** shall exclude the period from the date of the casualty until 6 months after the reconstruction of the Project is complete.

Section 3.9. No Abatement on Special Assessments. The City and the Company hereby agree that the property tax exemptions described in this Agreement shall not apply to special assessments. The Company hereby agrees to make a payment to the City or the County on or before each December 31 in an amount equal to 100% of the special assessment which would otherwise be due with respect to the Project if such Project were not exempt from taxation.

ARTICLE IV

COVENANTS, REPRESENTATIONS AND AGREEMENTS OF THE COMPANY

Section 4.1. Inspection. The Company agrees that the City and its duly authorized agents shall have the right at reasonable times (during business hours), subject to at least 48 hours advance written notice and to the Company's usual business proprietary, safety and security requirements, to enter upon the Project Site to examine and inspect the Project and the records of the Company which demonstrate compliance with this Agreement.

Section 4.2. Compliance with Laws. To the best of the Company's knowledge, the Project is and shall be in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, executive orders and codes pertaining to or affecting the Project, including all applicable building and zoning, health, environmental and safety ordinances and laws.

Section 4.3. Purchase, Construction, Improvement, Equipping and Operation. The Project will be acquired, constructed, improved, equipped and operated in a manner which is consistent with the

description of the Project herein and in the Lease. In the event the Project is completed in a manner which the City determines, in its reasonable discretion, is materially inconsistent with the description of the Project contained herein and in the Lease and in the presentation to the City Council of the City, the City reserves the right to declare an Event of Default in accordance with **Section 6.1** hereof.

Section 4.4. Annual Jobs Reports. The Company shall file with the City annually, commencing on November 15, 2010, and continuing on each November 15 thereafter while this Agreement remains in effect, a report stating the number of Jobs at the Project Site and Average Wages with respect to such jobs in such form reasonably satisfactory to the City.

Section 4.5. City Approvals. The City intends that the approval of the Project granted by the City pursuant to this Agreement shall not affect or constitute any approval required by any other City department or pursuant to any City ordinance, code, regulation or any other governmental approval required by law, nor does any approval by the City pursuant to this Agreement constitute approval of the quality, structural soundness or safety of any portion of the Project. The City will not unreasonably withhold any consent or approval required by any City ordinance, code, regulation or any other governmental approval required by law related to the Project; *provided that* nothing herein shall be construed to obligate the City, acting as a party hereto, to grant permits or other approvals the City would not be obligated to grant, acting as a political subdivision, absent this Agreement.

Section 4.6. General. The Company represents, warrants and covenants that as of the date of this Agreement and during the term of this Agreement, or such shorter period as may be expressly provided for below:

(a) The Company is a corporation duly organized, validly existing and in good standing in the State of Delaware and qualified to do business in Missouri;

(b) The Company has the right, power and authority to enter into, execute, deliver and perform this Agreement;

(c) There are no actions or proceedings by or before any court, governmental commission, board, bureau or any other administrative agency pending, threatened or affecting the Company which would impair its ability to perform under this Agreement or its financial condition; and

(d) The Company has obtained (or will, prior to the commencement of construction or operation obtain) and shall maintain all required government permits, certificates and consents (including without limitation appropriate environmental approvals) necessary to conduct its business and to construct, complete and operate the Project.

Section 4.7. Survival of Covenants. All warranties, representations, covenants and agreements of the Company contained herein shall survive termination of this Agreement for any reason.

Section 4.8. Indemnification of City. The Company shall indemnify, defend and save the City and its officials, officers, employees and agents, including members of the City Council, harmless from and against all claims, demands, costs, liabilities, damages or reasonable expenses, including reasonable attorneys' fees, by or on behalf of any person, firm or corporation arising from the conduct or management of, or from any work or thing done in, on or about, the Project during the term of the Lease or this Agreement, and against and from all claims, demands, costs, liabilities, damages or reasonable expenses, including reasonable attorneys' fees, arising during the term of the Lease or this Agreement from (a) any condition of the Project, (b) any breach or default on the part of the Company in the performance of any of its obligations under this Agreement or the Lease, or any action requested of the

City by the Company pursuant to the Lease or this Agreement, (c) any contract entered into in connection with the acquisition, construction, furnishing and equipping of the Project, (d) any act of negligence of the Company or of any of its agents, contractors, servants, employees or licensees, and (e) any act of negligence of any permitted assignee or sublessee of the Company, or of any agents, contractors, servants, employees or licensees of any permitted assignee or sublessee of the Company.

ARTICLE V

SALE AND ASSIGNMENT

The benefits granted by the City to the Company pursuant to this Agreement shall belong solely to the Company, and such benefits shall not be transferred (other than to an entity controlled by or under common control with or controlling the Company, so long as such entity has a net worth at the time of such assignment at least equal to the net worth of the Company at the date of such assignment), assigned, pledged or in any other manner hypothecated without the express written consent of the City; but nothing herein shall preclude the Company from assigning or pledging its interest in the Project so long as the Company continues to occupy the Project and otherwise remains responsible for its undertakings herein.

ARTICLE VI

DEFAULT AND REMEDIES

Section 6.1. Events of Default. If any one or more of the following events shall occur and be continuing, it is hereby defined as and declared to be and to constitute an Event of Default hereunder (certain performance standards defined in **Section 3.2** above which result in a penalty payment for failure to meet the defined standards shall not be declared to constitute an Event of Default so long as said penalty payments are made in accordance with the terms of this Agreement):

(a) the Company shall fail to perform any of its obligations hereunder for (i) a period of 30 days (or such longer period as the City and the Company may agree in writing) following written notice to the Company from the City of such failure which notice shall include a specific description of the Company's failure hereunder), or (ii) if such failure is not subject to cure within such 30 days, the Company shall have failed to initiate action to cure such default and shall pursue such action diligently;

(b) the Company shall breach any material covenant contained herein and continuance of such breach for a period of 30 days (or such longer period as the City and the Company may agree in writing) after there has been given to the Company by the City a written notice specifying such breach and requiring it to be remedied; provided, that if such breach cannot be fully remedied within such 30-day period, but can reasonably be expected to be fully remedied, such breach shall not constitute an event of default if the Company shall promptly upon receipt of such notice commence the curing of such breach and shall thereafter prosecute and complete the same with due diligence and dispatch; or

(c) any representation of the Company contained herein shall prove to be materially false or erroneous and shall not be corrected or brought into compliance within 30 days (or such longer period as the City and the Company may agree in writing) after there has been given to the Company by the City a written notice specifying such false or erroneous representation and requiring it to be remedied; provided, that if such default cannot be fully remedied within such 30-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an event of default if the Company shall promptly upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch.

Section 6.2. Remedies on Default. Except as otherwise provided in this Agreement, upon an Event of Default hereunder, this Agreement may be terminated by written notice to the Company from the City. Upon such termination, the Company shall make Penalty Payments (i) to the payees set forth in **Section 3.2(b)** equal to the pro rata amount of Penalty Payments payable pursuant to such **Section 3.2(b)** hereof from January 1 through the effective date of termination, and (ii) to the City the pro rata amount of taxes that would be due for the remaining portion of the year assuming the Project was placed on the tax rolls effective on the date of termination through December 31 which, within 30 days of the date of receipt by the City and after reduction for administrative costs of the City as provided by **Section 3.5**, the City shall divide among the taxing jurisdictions levying ad valorem taxes within the City in proportion to the amount of the then current ad valorem tax levy of each taxing jurisdiction.

Section 6.3. Interest on Late Payments. Any amounts due hereunder which are not paid when due shall bear interest at the interest rate of 10% per annum from the date such payment was first due.

Section 6.4. Failure of the City to Perform its Obligations. In the event the City shall fail to perform any of its obligations hereunder for (i) a period of 30 days (or such longer period as the Company and the City may agree in writing) following written notice to the City from the Company of such failure which notice shall include a specific description of the City's failure hereunder), or (ii) if such failure is not subject to cure within such 30 days, the City shall have failed to initiate action to cure such default and shall pursue such action diligently; the Company may declare that the City is in default under this Agreement and may pursue any legal remedy available to it to enforce this Agreement.

ARTICLE VII

TERM OF AGREEMENT

This Agreement shall become effective upon execution, and subject to earlier termination pursuant to the provisions of this Agreement (including particularly the following paragraph and **Article VI** hereof), shall have an initial term commencing as of the date of this Agreement and terminating on **December 31, 2030** (the "Stated Expiration Date"). This Agreement shall automatically terminate prior to the Stated Expiration Date in the event the Bonds (or any bonds issued to refund the Bonds) are no longer outstanding.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.1. Mutual Assistance. The City and the Company agree to take such actions as may be necessary or appropriate to carry out the terms, provisions and intent of this Agreement and to aid and assist each other in carrying out said terms, provisions and intent. In addition, if legislation is proposed by or in any governmental body having jurisdiction over the Project which would have the effect of limiting the ability of the City to issue the Bonds to finance the Project, the City agrees to use its best efforts to issue the Bonds prior to the effective date of any such legislation.

Section 8.2. Severability. If for any reason any provision of this Agreement shall be determined to be invalid or unenforceable, the validity and enforceability of the other provisions hereof shall not be affected thereby.

Section 8.3. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Missouri.

Section 8.4. Execution in Counterparts. This Agreement may be executed simultaneously in several counterparts, each of which shall be deemed to be an original and all of which shall constitute but one and the same instrument.

Section 8.5. Waiver. The City and the Company acknowledge and agree that the amounts payable hereunder shall constitute payments due the City under the Lease executed in connection with the Bonds. The Company shall not be entitled to any extension of payment of such amounts as a result of a filing by or against either or both Company in any bankruptcy court.

Section 8.6. Entire Agreement. This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the City and the Company with respect to the subject matter hereof.

Section 8.7. Notices. Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing at the addresses and in the manner set forth in the Indenture.

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

[remainder of page intentionally left blank]

THIS PERFORMANCE AGREEMENT is dated the date first above written.

CITY OF JOPLIN, MISSOURI

By:_____
Mayor

(SEAL)

ATTEST:

By: _____
City Clerk

Approved as to form:

_____
City Attorney

THIS PERFORMANCE AGREEMENT is dated the date first above written.

SCHAEFFLER GROUP USA INC.

By:_____
Name:
Title:

EXHIBIT A

Description of the Project Site

3900 South Rangeline Road, Joplin, Missouri

EXHIBIT B

Description of the Project Equipment

All equipment financed with the proceeds of the Bonds located on the Project Site in Joplin, Newton County, Missouri, to and until the end of the Abatement Period for each such item of equipment. No Project Equipment shall be acquired with Bond proceeds after December 31, 2023.

EXHIBIT C

Grant Payments

During each year in which this Agreement is in effect and during which Missouri law so requires, and provided that the Ambulance District then imposes *ad valorem* property taxes on personal property located in the area of the Project Site, the Company shall pay to the City for distribution to the Ambulance District, an amount calculated by the City to be equal to one hundred percent of the amount of *ad valorem* property tax revenues that the Ambulance District would have received in such year (based on the estimated assessed value in such year of the Project Equipment) in the absence of the tax exemption provided by virtue of ownership of the Project Equipment by the City; provided that the Ambulance District may set the rate of reimbursement at less than one hundred percent by a written instrument filed with the City.

BEFORE THE

CITY COUNCIL

OF THE

CITY OF JOPLIN, MISSOURI

PLAN FOR AN INDUSTRIAL DEVELOPMENT PROJECT FOR SCHAEFFLER GROUP USA, INC.

Mailed November 27, 2018

PLAN FOR AN INDUSTRIAL DEVELOPMENT PROJECT
FOR SCHAEFFLER GROUP USA, INC.

TO: THE CITY COUNCIL OF THE CITY OF JOPLIN, MISSOURI

A plan for an industrial development project as described herein has been proposed to the City of Joplin, Missouri (the "City"), for approval, to be carried out pursuant to Article VI, Section 27(b) of the Missouri Constitution, as amended, Sections 100.010 to 100.200, inclusive, of the Missouri Revised Statutes, as amended, and in support of said application the following is submitted:

1. Description of the Project and the Company. The project consists of acquiring and installing equipment to manufacture bearings (the "Project Equipment") in a facility located within the City and operated by Schaeffler Group USA, Inc. ("Schaeffler Group"). The Project Equipment will be located at 3900 Range Line Road Joplin, MO 64804. The Project Equipment is designed to be used in the manufacturing of products sold by Schaeffler Group, a Delaware corporation that provides roller and spherical bearings for automotive and industrial applications.

2. Estimate of the Cost of the Project Equipment. The total cost of the installed Project Equipment is estimated to be $67,140,000. The Company (defined below under paragraph 4) may make improvements to its Joplin facility to accommodate the installation of the Project Equipment, but will not receive tax abatement incentives with respect to any real property improvements. The personal property abated will include only the Project Equipment. Real and personal property currently owned and not part of the Project Equipment will not receive abatement under this plan.

3. Source of Funds to be Expended for the Project Equipment. The source of funds to be expended for the Project Equipment will be the proceeds of $67,215,000 estimated aggregate principal amount of taxable industrial revenue bonds (the "Bonds"), to be issued by the City for the Project Equipment and to pay costs of issuing the Bonds.

4. Statement of the Terms Upon Which the Project Equipment is to be Leased and Otherwise Disposed of by the City. The City will take legal ownership of the Project Equipment as it is acquired. The Project Equipment will be leased by the City (with an option to purchase the City's interest in the Project Equipment) to Schaeffler Group, or an affiliate thereof (the "Company"). The lease payments will equal the principal and interest on the Bonds. The Bonds will be payable solely from the revenues derived by the City from the lease to the Company or other disposition of the Project Equipment and the Bonds will not be an indebtedness or general obligation, debt or liability of the City.

5. Bond Purchase Arrangements. The Company or a related entity will purchase the Bonds in the estimated aggregate principal amount of $67,215,000.

6. Affected School District, Community College District, County, City and Emergency Services Districts. The Joplin R-VIII School District of Jasper County, Missouri; Newton County, Missouri; and the Newton County Ambulance District are the school district, county and ambulance district board affected by the project. All other taxing districts affected by project are described in the Cost Benefit Analysis attached hereto as **Exhibit A**. No fire district or community college district is affected by the project. The City does not levy its ad valorem taxes on personal property.

7. **Equalized Assessed Valuation.** No real property is included in the project. The most recent equalized assessed valuation of the Project Equipment is $-0-. The estimated total equalized assessed valuation of the Project Equipment after completion of the Project Equipment is as follows (showing valuation as of the first day of each year based on acquisitions to such point and depreciation of prior acquisitions):

Year	Estimated A.V.
2019	$1,159,166
2020	3,548,770
2021	7,163,529
2022	10,901,382
2023	11,262,403
2024	9,652,898

8. **Cost Benefit Analysis.** Attached hereto as **Exhibit A** is the Cost Benefit Analysis for the affected taxing jurisdictions, which assumes 100% tax abatement, except as described below for the Newton County Ambulance District, for the following property for the following periods:

3-year depreciable property	5 years
7-year depreciable property	7 years

Each component of the Project Equipment will be subject to abatement for either 5 or 7 years based on its depreciable life, starting with the tax year after the year in which it is placed in service. After the abatement period ends for a particular component, it will be subject to taxation.

9. **Payments in Lieu of Taxes.** This plan provides for 100% tax abatement for the Project Equipment components for 5 or 7 years depending on the depreciable life for such components; provided that the Newton County Ambulance District shall have the right during the time that the law so requires and during such time as the Newton County Ambulance District imposes property tax in the area in which the Project Equipment is located, to reimbursement of amounts that would otherwise be payable to the Newton County Ambulance District in absence of this plan. The attached Cost Benefit Analysis assumes receipt by the Newton County Ambulance District of 100% of the taxes that would be due if the Project Equipment were completed without abatement. This plan does not create a contractual right of the Newton County Ambulance District to such funds and the amount of such payments shall vary in accordance with the actual implementation of the Project Equipment, the then-current levy rate of the Newton County Ambulance District in each year and the continued imposition of property tax by the Newton County Ambulance District in the area in which the Project Equipment is located.

* * *

EXHIBIT A

COST BENEFIT ANALYSIS

The accompanying spreadsheet shows the detailed cost/benefit amounts of the proposed project. The 2018 personal property tax levy rates were utilized for all taxing jurisdictions. Amounts shown for any particular taxing jurisdiction are subject to change based on the then-current levy rates of all relevant taxing jurisdictions.

City of Joplin, Missouri
(Schaeffler Expansion Project)

COST BENEFIT ANALYSIS
PLAN FOR INDUSTRIAL DEVELOPMENT PROJECT

GILMORE BELL
GILMORE & BELL, P.C.

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

Project Assumptions

- Initial year taxes assessed 2019

- Annual investments of personal property (Project Equipment)

	3-Year	7-Year
2018	$ -	$ 3,895,000
2019	600,000	8,360,000
2020	1,500,000	13,585,000
2021	2,000,000	16,530,000
2022	1,200,000	9,025,000
2023	4,200,000	515,000

- Assessed value as a percentage of appraised value (personal) 33.33%

- Terms of abatement:

Years 1-5 (3-year property)	100.0%
Years 1-7 (7-year property)	100.0%

- Personal property is depreciated using the following 3-year and 7- year recovery period schedule:

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

Summary of Tax Impact Analysis

Taxing Jurisdiction	Tax Rate	Tax Revenue for Project Equipment Without Abatement	Revenue Generated from PILOT Payments	Value of Abatement
Newton County - Mental Health	0.0833	$ 49,171	$ -	$ 49,171
Newton County Sheltered Workshop	0.0501	29,574	-	29,574
Newton County - County Fair	0.0100	5,903	-	5,903
Newton County - Health Department	0.0500	29,514	-	29,514
Joplin R-VIII School District	3.6964	2,181,946	-	2,181,946
Joplin Special Road District	0.2270	133,996	-	133,996
Neosho Newton County Library	0.1000	59,029	-	59,029
Newton County Ambulance District	0.1919	113,277	113,277	-
State of Missouri	0.0300	17,709	-	17,709
	4.4387	$ 2,620,118	$ 113,277	$ 2,506,842

Projected Tax Revenues Without Abatement
on Project Equipment

Estimated Assessed Value of Project Equipment		$1,159,166	$3,548,770	$7,163,529	$10,901,382	$11,262,403	$9,652,898	$6,803,328	$4,411,193	$2,550,379	$1,226,391	$ 332,352	$ 17,165	
Taxing Jurisdiction	Tax Rate per $100	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Newton County - Mental Health	0.0833	$ 966	$ 2,956	$ 5,967	$ 9,081	$ 9,382	$ 8,041	$ 5,667	$ 3,675	$ 2,124	$ 1,022	$ 277	$ 14	$ 49,171
Newton County Sheltered Workshop	0.0501	581	1,778	3,589	5,462	5,642	4,836	3,408	2,210	1,278	614	167	9	29,574
Newton County - County Fair	0.0100	116	355	716	1,090	1,126	965	680	441	255	123	33	2	5,903
Newton County - Health Department	0.0500	580	1,774	3,582	5,451	5,631	4,826	3,402	2,206	1,275	613	166	9	29,514
Joplin R-VIII School District	3.6964	42,847	131,177	264,793	402,959	416,303	356,810	251,478	163,055	94,272	45,332	12,285	634	2,181,946
Joplin Special Road District	0.2270	2,631	8,056	16,261	24,746	25,566	21,912	15,444	10,013	5,789	2,784	754	39	133,996
Neosho Newton County Library	0.1000	1,159	3,549	7,164	10,901	11,262	9,653	6,803	4,411	2,550	1,226	332	17	59,029
Newton County Ambulance District	0.1919	2,224	6,810	13,747	20,920	21,613	18,524	13,056	8,465	4,894	2,353	638	33	113,277
State of Missouri	0.0300	348	1,065	2,149	3,270	3,379	2,896	2,041	1,323	765	368	100	5	17,709
	4.4387	$ 51,452	$ 157,519	$ 317,968	$ 483,880	$ 499,904	$ 428,463	$ 301,979	$ 195,800	$ 113,204	$ 54,436	$ 14,752	$ 762	$2,620,118

Personal Property Assessed Value (3-Year Depreciation)

		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
2018	-	-	-	-	-	-	-				
2019	600,000		149,985	74,993	24,998	9,999	9,999				
2020	1,500,000			374,963	187,481	62,494	24,998	24,998			
2021	2,000,000				499,950	249,975	83,325	33,330	33,330		
2022	1,200,000					299,970	149,985	49,995	19,998	19,998	
2023	4,200,000						1,049,895	524,948	174,983	69,993	69,993
	9,500,000	-	149,985	449,955	712,429	622,438	1,318,202	633,270	228,311	89,991	69,993

Personal Property Assessed Value (7-Year Depreciation)

		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
2018	3,895,000	1,159,166	910,820	715,700	556,670	397,640	238,610	129,820					
2019	8,360,000		2,487,966	1,954,930	1,536,136	1,194,803	853,471	512,138	278,639				
2020	13,585,000			4,042,944	3,176,761	2,496,221	1,941,555	1,386,890	832,224	452,788			
2021	16,530,000				4,919,387	3,865,429	3,037,359	2,362,452	1,687,544	1,012,637	550,945		
2022	9,025,000					2,685,872	2,110,436	1,658,328	1,289,844	921,360	552,876	300,803	
2023	515,000						153,266	120,429	94,630	73,603	52,576	31,549	17,165
	51,910,000	1,159,166	3,398,785	6,713,574	10,188,953	10,639,965	8,334,696	6,170,058	4,182,882	2,460,388	1,156,398	332,352	17,165

Projected PILOT Amount
on Project Equipment

Estimated Assessed Value of Personal Property Acquired in 2018		$1,159,166	$ 910,820	$ 715,700	$ 556,670	$ 397,640	$ 238,610	$ 129,820						
PILOT Payment		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
Estimated Assessed Value of Personal Property Acquired in 2019			$2,637,951	$2,029,922	$1,561,133	$1,204,802	$ 863,470	$ 512,138	$ 278,639					
PILOT Payment			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					
Estimated Assessed Value of Personal Property Acquired in 2020				$4,417,907	$3,364,242	$2,558,714	$1,966,553	$1,411,887	$ 832,224	$ 452,788				
PILOT Payment				0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
Estimated Assessed Value of Personal Property Acquired in 2021					$5,419,337	$4,115,404	$3,120,684	$2,395,782	$1,720,874	$1,012,637	$550,945			
PILOT Payment					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
Estimated Assessed Value of Personal Property Acquired in 2022						$2,985,842	$2,260,421	$1,708,323	$1,309,842	$ 941,358	$552,876	$300,803		
PILOT Payment						0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Estimated Assessed Value of Personal Property Acquired in 2023							$1,203,161	$ 645,377	$ 269,613	$ 143,596	$122,569	$ 31,549	$ 17,165	
PILOT Payment							0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Taxing Jurisdiction	Tax Rate per $100	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Newton County - Mental Health	0.0833	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Newton County Sheltered Workshop	0.0501	-	-	-	-	-	-	-	-	-	-	-	-	-
Newton County - County Fair	0.0100	-	-	-	-	-	-	-	-	-	-	-	-	-
Newton County - Health Department	0.0500	-	-	-	-	-	-	-	-	-	-	-	-	-
Joplin R-VIII School District	3.6964	-	-	-	-	-	-	-	-	-	-	-	-	-
Joplin Special Road District	0.2270	-	-	-	-	-	-	-	-	-	-	-	-	-
Neosho Newton County Library	0.1000	-	-	-	-	-	-	-	-	-	-	-	-	-
Newton County Ambulance District	0.1919	2,224	6,810	13,747	20,920	21,613	18,524	13,056	8,465	4,894	2,353	638	33	113,277
State of Missouri	0.0300	-	-	-	-	-	-	-	-	-	-	-	-	-
	4.4387	$ 2,224	$ 6,810	$ 13,747	$ 20,920	$ 21,613	$ 18,524	$ 13,056	$ 8,465	$ 4,894	$ 2,353	$ 638	$ 33	$113,277

*Newton County Ambulance District assumed to receive full PILOT. See Paragraph 9 of the Plan for a discussion of related assumptions.

Projected Tax Abatement
on Project Equipment

Estimated Assessed Value of Personal Property														
Acquired in 2018	$1,159,166	$ 910,820	$ 715,700	$ 556,670	$ 397,640	$ 238,610	$ 129,820							
Abatement Percentage	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%							
Estimated Assessed Value of Personal Property														
Acquired in 2019		$2,637,951	$2,029,922	$1,561,133	$1,204,802	$ 863,470	$ 512,138	$ 278,639						
Abatement Percentage		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%						
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Acquired in 2020			$4,417,907	$3,364,242	$2,558,714	$1,966,553	$1,411,887	$ 832,224	$ 452,788					
Abatement Percentage			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%					
Estimated Assessed Value of Personal Property														
Acquired in 2021				$5,419,337	$4,115,404	$3,120,684	$2,395,782	$1,720,874	$1,012,637	$550,945				
Abatement Percentage				100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%				
Estimated Assessed Value of Personal Property														
Acquired in 2022					$2,985,842	$2,260,421	$1,708,323	$1,309,842	$ 941,358	$552,876	$300,803			
Abatement Percentage					100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%			
Estimated Assessed Value of Personal Property														
Acquired in 2023						$1,203,161	$ 645,377	$ 269,613	$ 143,596	$122,569	$ 31,549	$ 17,165		
Abatement Percentage						100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%		

Taxing Jurisdiction	Tax Rate per $100	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Newton County - Mental Health	0.0833	$ 966	$ 2,956	$ 5,967	$ 9,081	$ 9,382	$ 8,041	$ 5,667	$ 3,675	$ 2,124	$ 1,022	$ 277	$ 14	$ 49,171
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Newton County - County Fair	0.0100	116	355	716	1,090	1,126	965	680	441	255	123	33	2	5,903
Newton County - Health Department	0.0500	580	1,774	3,582	5,451	5,631	4,826	3,402	2,206	1,275	613	166	9	29,514
Joplin R-VIII School District	3.6964	42,847	131,177	264,793	402,959	416,303	356,810	251,478	163,055	94,272	45,332	12,285	634	2,181,946
Joplin Special Road District	0.2270	2,631	8,056	16,261	24,746	25,566	21,912	15,444	10,013	5,789	2,784	754	39	133,996
Neosho Newton County Library	0.1000	1,159	3,549	7,164	10,901	11,262	9,653	6,803	4,411	2,550	1,226	332	17	59,029
Newton County Ambulance District	0.1919	-	-	-	-	-	-	-	-	-	-	-	-	-
State of Missouri	0.0300	348	1,065	2,149	3,270	3,379	2,896	2,041	1,323	765	368	100	5	17,709
	4.4387	$ 49,227	$ 150,709	$ 304,221	$ 462,960	$ 478,292	$ 409,939	$ 288,924	$ 187,334	$ 108,310	$ 52,082	$ 14,114	$ 729	$ 2,506,842

TRUST INDENTURE

Dated as of December 1, 2018

between the

CITY OF JOPLIN, MISSOURI,

AND

UMB BANK, N.A.,
as Trustee

Relating to:

$67,215,000
(Aggregate Maximum Principal Amount)
City of Joplin, Missouri
Taxable Industrial Revenue Bonds
(Schaeffler Expansion Project)
Series 2018

TRUST INDENTURE

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TRUST INDENTURE

THIS TRUST INDENTURE dated as of December 1, 2018, between the **CITY OF JOPLIN, MISSOURI,** a home rule charter city organized and existing under the laws of the State of Missouri (the "City"), and **UMB BANK, N.A.**, a national banking association duly organized and existing and authorized to accept and execute trusts of the character herein set forth under the laws of the United States of America, with a corporate trust office located in Kansas City, Missouri, as Trustee (the "Trustee");

RECITALS:

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

2. Pursuant to the Act, the governing body of the City passed an ordinance (the "Ordinance") on December 17, 2018, authorizing the City to issue its Taxable Industrial Revenue Bonds (Schaeffler Expansion Project), Series 2018, in the maximum principal amount of $67,215,000 (the "Bonds"), for the purpose of purchasing and installing certain equipment (the "Project Equipment," as more fully described on **Exhibit B** hereto) to be used by Schaeffler Group USA Inc., a Delaware corporation (the "Company") at 3900 South Rangeline Road, Joplin, Missouri (the "Project Site"), and authorizing the City to lease the Project Equipment to the Company.

3. Pursuant to the Ordinance, the City is authorized to execute and deliver this Trust Indenture (the "Indenture") for the purpose of issuing and securing the Bonds (as hereinafter defined), and to enter into the Lease Agreement of even date herewith (the "Lease") with the Company, under which the City, as lessor, will, or will cause the Company to, purchase and install the Project Equipment and will lease the Project Equipment to the Company, as lessee, in consideration of rentals that will be sufficient to pay the principal of and interest on the Bonds.

4. All things necessary to make the Bonds, when authenticated by the Trustee and issued as provided in this Indenture, the valid and legally binding obligations of the City, and to constitute this Indenture a valid and legally binding pledge and assignment of the Trust Estate herein made for the security of the payment of the principal of and interest on the Bonds, have been done and performed, and the execution and delivery of this Indenture and the execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized.

NOW, THEREFORE, THIS TRUST INDENTURE WITNESSETH:

GRANTING CLAUSES

That the City, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the Owners thereof, and of other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the

principal of and interest on all of the Bonds issued and outstanding under this Indenture from time to time according to their tenor and effect, and to secure the performance and observance by the City of all the covenants, agreements and conditions herein and in the Bonds contained, does hereby pledge and assign to the Trustee and its successors and assigns forever, the property described in paragraphs (a), (b) and (c) below (said property being herein referred to as the "Trust Estate"), to-wit:

(a) All right, title and interest in and to the Project Equipment together with the tenements, hereditaments, appurtenances, rights, privileges and immunities thereunto belonging or appertaining;

(b) All right, title and interest of the City in, to and under the Lease (excluding the City's right to receive moneys for its own account and the City's rights to indemnification or to be protected from liabilities by insurance policies required by the Lease, as provided therein or herein), and all rents, revenues and receipts derived by the City from the Project Equipment including, without limitation, all rentals and other amounts to be received by the City and paid by the Company under and pursuant to and subject to the provisions of the Lease; and

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

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

IN TRUST NEVERTHELESS, upon the terms and subject to the conditions herein set forth, for the equal and proportionate benefit, protection and security of all Owners from time to time of the Bonds outstanding under this Indenture, without preference, priority or distinction as to lien or otherwise of any of the Bonds over any other of the Bonds except as expressly provided in or permitted by this Indenture;

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

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

ARTICLE I

DEFINITIONS

Section 101. Definitions of Words and Terms. In addition to words and terms defined in **Section 1.1** of the Lease, which definitions shall be deemed to be incorporated herein, and terms defined elsewhere in this Indenture, the following words and terms as used in this Indenture shall have the following meanings, unless some other meaning is plainly intended:

"Abatement Period" shall mean: (1) for Three-Year Property, the period starting on the date on which such property is acquired or deemed to be acquired with Bond proceeds and ending on December 31 of the 5th full calendar year after the year of such acquisition, and (2) for Seven-Year Property, the period starting on the date on which such property is acquired or deemed to be acquired with Bond proceeds and ending on December 31 of the 7th full calendar year after the year of such acquisition; as such periods are more specifically detailed on **Exhibit E** hereto.

"Act" means, collectively, Article VI, Section 27(b) of the Missouri Constitution, as amended, Sections 100.010 through 100.200 of the Revised Statutes of Missouri, as amended, and the City's Charter.

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

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

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

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

"Bond" or **"Bonds"** means the Taxable Industrial Revenue Bonds (Schaeffler Expansion Project), Series 2018, in the maximum aggregate principal amount of $67,215,000, issued, authenticated and delivered under and pursuant to this Indenture.

"Bond Fund" means the "City of Joplin, Missouri, Bond Fund -- Schaeffler Group USA Inc." created in **Section 601** of this Indenture.

"Bond Purchase Agreement" means the Bond Purchase Agreement dated as of December 1, 2018, between the City and the Purchaser.

"Business Day" means any day other than a Saturday or Sunday or legal holiday or a day on which banks located in the city in which the principal corporate trust office or the payment office of the Trustee are required or authorized by law to remain closed or a day on which the payment system of the Federal Reserve is not operational.

"Company" means Schaeffler Group USA Inc., a Delaware corporation, and its successors or assigns.

"Completion Date" means the date of execution of the certificate required pursuant to **Section 504** hereof.

"City" means the City of Joplin, Missouri, a home rule charter city organized and existing under the laws of the State of Missouri, and its successors and assigns.

"Closing Date" means the date mutually agreed upon by the City and the Purchaser for the issuance of the Bonds as expressed in the Bond Purchase Agreement.

"Closing Price" means the amount described as such in the Bond Purchase Agreement.

"Cumulative Outstanding Principal Amount" means the aggregate principal amount of all Bonds outstanding under the provisions of this Indenture, as reflected in the records maintained by the Trustee as provided in the Bonds and this Indenture.

"Disbursement Agent" means Schaeffler Group USA Inc., or any successor or assign.

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

"Financing Document" means any loan agreement, credit agreement, security agreement, mortgage, participation agreement, lease agreement, sublease, hedging agreement or other document executed by or on behalf of a Financing Party.

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

"Full Insurable Value" means the reasonable replacement cost of the Project Equipment, less physical depreciation, as determined in accordance with **Section 7.2(a)** of the Lease.

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

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

"Investment Securities" means any of the following securities:

(a) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies set forth in clause (b) below to the extent they are unconditionally guaranteed by the United States of America;

(b) obligations of the Federal Financing Bank, Federal Intermediate Credit Corporation, Federal Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks, Farmers Home Administration and Federal Home Loan Mortgage Corporation;

(c) direct and general obligations of any state of the United States of America, to the payment of the principal of and interest on which the full faith and credit of such state is pledged, provided that at the time of their purchase under this Indenture such obligations are rated in either of the two highest rating categories by a nationally-recognized bond rating agency;

(d) certificates of deposit, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association (including the Trustee or any of its affiliates), provided that such certificates of deposit shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by such securities as are described above in clauses (a) through (c), inclusive, which shall have a market value at all times at least equal to the principal amount of such certificates of deposit and shall be deposited with the Trustee or a custodian bank, trust company or national banking association. The bank, trust company or national banking association holding each such certificate of deposit required to be so secured shall furnish the Trustee written evidence satisfactory to it that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount at least equal to the principal amount of each such certificate of deposit and the Trustee shall be entitled to rely on each such undertaking;

(e) shares of a fund registered under the Investment Company Act of 1940, as amended, whose shares are registered under the Securities Act of 1933, as amended, having assets of at least $100,000,000, and which shares, at the time of purchase, are rated by Standard & Poor's and Moody's in one of the two highest rating categories (without regard to any refinements or gradation of rating category by numerical modifier or otherwise) assigned by such rating agencies for obligations of that nature; or

(f) any other investment approved in writing by the Authorized City Representative and the Owners of all of the Outstanding Bonds.

"Lease" means the Lease Agreement dated as of December 1, 2018, between the City, as lessor, and the Company, as lessee, as from time to time amended and supplemented by Supplemental Leases in accordance with the provisions thereof and of **Article XII** of this Indenture.

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

"Leasehold Security Agreement" means any leasehold security agreement, leasehold deed of trust, assignment of rents and leases, security agreement or other agreement relating to the Project Equipment permitted pursuant to the provisions of **Section 10.4** of the Lease.

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

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

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

(b) Bonds deemed to be paid in accordance with the provisions of **Section 1302** hereof; and

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to this Indenture.

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

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

"Payment Date" means the date on which principal of or interest on any Bond is payable, which shall be December 1 of each year that the Bonds are Outstanding.

"Performance Agreement" means the Performance Agreement dated as of December 1, 2018, between the City and the Company, as amended from time to time.

"Permitted Encumbrances" means (a) liens for *ad valorem* taxes and special assessments not yet due or which are being contested in good faith by appropriate actions, provided that adequate reserves with respect thereto are maintained on the books of the Company in conformity with generally acceptable accounting principles, (b) land1ords', carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like liens arising in the ordinary course of business which are not overdue for a period of more than 60 days or which are being contested in good faith by appropriate actions, (c) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount in relation to the value of the property subject thereto and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the Company, (d) the Indenture and the Lease and (e) liens or security interests granted pursuant to any Financing Documents.

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

"Project Costs" means all costs of purchasing and installing the Project Equipment, including the following:

(a) all costs and expenses necessary or incident to the acquisition of any portion of the Project Equipment at the execution of the Lease and which the Company conveys to the City;

(b) fees and expenses of consultants for any preliminary investigations and items necessary to the determination of the necessary equipment replacements and upgrades, preparation of specifications for the Project Equipment and supervision of the installation of the Project Equipment, as well as for the performance of all other duties of professionals and consultants in relation to the purchase and installation of the Project Equipment or the issuance of the Bonds;

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

(d) interest accruing on the Bonds during the purchase and installation period of the Project Equipment;

(e) reasonable expenses of administration, supervision and inspection properly chargeable to the Project Equipment, legal fees and expenses, fees and expenses of accountants and other consultants, publication and printing expenses, and initial fees and expenses of the Trustee to the extent that said fees and expenses are necessary or incident to the issuance and sale of the Bonds or the purchase and installation of the Project Equipment;

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

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

"Project Equipment" means all items of machinery, equipment or other personal property acquired or installed or acquired for installation on the Project Site pursuant to **Article IV** of the Lease and paid for in whole or in part from the proceeds of Bonds, as described in **Exhibit B** attached hereto and by this reference made a part hereof, and all replacements thereof and substitutions therefor which, pursuant to **Section 8.2** of the Lease, constitute part of the Project Equipment; ***provided that*** the Project Equipment subject to this Indenture and the Lease at any given time shall not include any property that has reached the end of its Abatement Period.

"Project Fund" means the "City of Joplin, Missouri, Project Fund -- Schaeffler Group USA Inc." created in **Section 501** of this Indenture.

"Project Site" means the location described herein and in the Lease Agreement upon which the Project Equipment will be situated.

"Purchaser" means Schaeffler Group USA Inc.

"Seven-Year Property" means personal property having a class life of seven years or longer under the general depreciation system for federal taxation purposes.

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

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

"Three-Year Property" means personal property having a class life of less than seven years under the general depreciation system for federal taxation purposes.

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

"Trustee" means UMB Bank, N.A., Kansas City, Missouri, a national banking association duly organized and existing and authorized to accept and execute trusts of the character herein set forth under the laws of the United States of America, and its successor or successors and any other corporation which at the time may be substituted in its place pursuant to and at the time serving as Trustee under this Indenture.

Section 102. Rules of Interpretation.

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

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

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

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

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

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

ARTICLE II

THE BONDS

Section 201. Title and Amount of Bonds. No Bonds may be issued under this Indenture except in accordance with the provisions of this Article. The Bonds authorized to be issued under this Indenture shall be designated as "City of Joplin, Missouri, Taxable Industrial Revenue Bonds (Schaeffler Expansion Project), Series 2018." The maximum total principal amount of Bonds that may be issued hereunder is hereby expressly limited to $67,215,000.

Section 202. Nature of Obligation. The Bonds and the interest thereon shall be special obligations of the City payable solely out of the rents, revenues and receipts derived by the City from the Project Equipment and the Lease, and not from any other fund or source of the City. The Bonds are secured by a pledge and assignment of the Trust Estate to the Trustee in favor of the Owners, as provided in this Indenture. The Bonds and the interest thereon shall not constitute general obligations of the City or the State of Missouri, and neither the City nor said State shall be liable thereon, and the Bonds shall not constitute an indebtedness within the meaning of any constitutional, charter or statutory debt limitation or restriction, and are not payable in any manner by taxation.

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

(a) The Bonds shall be issuable in the form of one Bond in the maximum principal amount of $67,215,000. The Bonds shall be substantially in the form hereinafter set forth in **Exhibit C** hereto.

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

Section 204. Method and Place of Payment of Bonds.

(a) The principal of and interest on the Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for payment of public and private debts.

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

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

(d) If there is one Owner of the Bonds, the Trustee is authorized to make the final or any interim payments of principal on such Bonds by internal bank transfer or by electronic transfer to an account at a commercial bank or savings institution designated in writing by such Owner and located in the continental United States. The Trustee is also authorized to make interest payments on such Bonds by internal bank transfer or by electronic transfer to an account at a commercial bank or savings institution designated by such Owner and located in the continental United States. If the Company owns all of the Bonds, then the Company may set-off its obligation for the Basic Rent to the City as Lessee under the Lease Agreement against the City's obligation to the Company as Bondholder under this Indenture. The Trustee may conclusively rely on the absence of any notice from the Company to the contrary as evidence that such set-off has occurred. On the final Payment Date, the Company may deliver to the Trustee for cancellation Bonds not previously paid and the Company shall receive a credit against the Basic Rent payable by the Company in an amount equal to the principal amount of the Bonds so tendered for cancellation plus accrued interest thereon.

Section 205. Execution and Authentication of Bonds.

(a) The Bonds shall be executed on behalf of the City by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of the City Clerk, and shall have the corporate seal of the City affixed thereto or imprinted thereon. If any officer whose signature or facsimile thereof appears on the Bonds ceases to be such officer before the delivery of such Bond, such signature or facsimile thereof shall nevertheless be valid and sufficient for all purposes, the same as if such Person had remained in office until delivery. Any Bond may be signed by such Persons as at the actual time of the execution of such Bond are the proper officers to sign such Bond although at the date of such Bond such Persons may not have been such officers.

(b) The Bonds shall have endorsed thereon a Certificate of Authentication substantially in the form set forth in **Exhibit C**, which shall be manually executed by the Trustee. No Bond shall be entitled to any security or benefit under this Indenture or shall be valid or obligatory for any purposes until such Certificate of Authentication has been duly executed by the Trustee. The executed Certificate of Authentication upon any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Indenture. The Certificate of Authentication on any Bond shall be deemed to have been duly executed if signed by any authorized signatory of the Trustee.

Section 206. Registration, Transfer and Exchange of Bonds.

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

(b) The Bonds may be transferred only upon the books kept for the registration and transfer of Bonds upon surrender thereof to the Trustee duly endorsed for transfer or accompanied by an assignment duly executed by the Owner or such Owner's attorney or legal representative in such form as shall be satisfactory to the Trustee. The Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities law, and the Bonds may not be transferred unless the City and the Trustee are furnished a written legal opinion from counsel acceptable to the City, the Trustee and the Company, to the effect that such transfer is exempt from the registration requirements of the Securities Act of 1933, as amended, and any applicable state securities law. The Bonds may also be transferred to any entity controlled by, under common control with or controlling the Company without the necessity of obtaining such an opinion. The Bonds may only be transferred to Approved Investors. For this purpose, Approved Investors are defined as (i) an "accredited investor," as that term is defined in Rule 501 of

Regulation D promulgated under the Securities Act of 1933, as amended (the "1933 Act"), or (ii) a "qualified institutional buyer," as that term is defined in Rule 144A promulgated under the 1933 Act. In connection with any such transfer of the Bonds, the City and the Trustee shall receive an executed representation letter signed by the proposed assignee in substantially the form of **Exhibit D** hereto. Upon any such transfer, the City shall execute and the Trustee shall authenticate and deliver in exchange for such Bond a new fully registered Bond or Bonds, registered in the name of the transferee, of any denomination or denominations authorized by this Indenture, in an aggregate principal amount equal to the outstanding principal amount of such Bond, of the same maturity and bearing interest at the same rate.

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

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

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

Section 208. Authorization of the Bonds.

(a) The Bonds are authorized for the purpose of providing funds to pay the costs of the Project Equipment, which Bonds shall be designated "City of Joplin, Missouri, Taxable Industrial Revenue Bonds (Schaeffler Expansion Project) Series 2018." The Bonds shall be dated as provided in **Section 203(b)** hereof, shall become due on **December 1, 2030** (subject to prior redemption as hereinafter provided in **Article III**) and shall bear interest as specified in **Section 208(f)** hereof, payable on the dates specified in **Section 208(f)** hereof.

(b) The Trustee is hereby designated as the Paying Agent.

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

(1) An original or certified copy of the Ordinance passed by the City Council authorizing the issuance of the Bonds and the execution of this Indenture, the Lease and the Performance Agreement;

(2) Original executed counterparts of this Indenture, the Lease and the Performance Agreement;

(3) A representation letter from the Purchaser in the form attached as **Exhibit D** hereto;

(4) A request and authorization to the Trustee on behalf of the City, executed by the Authorized City Representative, to authenticate the Bonds and deliver the same to the Purchaser upon transfer of funds in accordance with the Notice of Bond Sale. The Trustee shall be entitled to conclusively rely upon such request and authorization as to names of the purchaser and the amount of such purchase price;

(5) An opinion of counsel nationally recognized on the subject of municipal bonds stating that the Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; and

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

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

(1) The Purchaser of the Bonds shall pay the Closing Price to the Trustee, and the Trustee shall endorse the Bonds in an amount equal to the Closing Price and then deliver the Bonds to or upon the order of the Purchaser; or

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

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

(e) Following the initial issuance and delivery of the Bonds, the Company may submit additional requisition certificates in accordance with **Section 4.4** of the Lease, and the Trustee shall, based solely on the amount of the requisition, endorse the Bonds in an amount equal to the amount set forth in each requisition certificate. The date of endorsement of each Principal Amount Advanced as set forth on Schedule 1 to the Bonds shall be the date of the City's approval of each requisition certificate.

(f) The Bonds shall bear interest at the rate of 5.00% per annum on the Cumulative Outstanding Principal Amount of the Bonds. Such interest shall be payable in arrears on each December 1, commencing on December 1, 2019, and continuing thereafter until the Cumulative Outstanding Principal Amount is paid in full; provided that the aggregate maximum principal amount

shall not exceed $67,215,000 and further provided that the Bonds shall be paid in full no later than December 1, 2030. Interest shall be calculated on the basis of a year of 360 days consisting of twelve months of 30 days each.

(g) The Trustee shall keep and maintain a record of the amount deposited into the Project Fund pursuant to the terms of this Indenture as "Principal Amount Advanced" and shall enter the aggregate principal amount of the Bonds then Outstanding on its records as the "Cumulative Outstanding Principal Amount." On each date upon which a portion of the Cumulative Outstanding Principal Amount is paid to the Owners, pursuant to the redemption provisions of this Indenture, the Trustee shall enter on its records the principal amount paid on the Bonds as "Principal Amount Redeemed," and shall enter the then Outstanding principal amount of the Bonds as "Cumulative Outstanding Principal Amount." The records maintained by the Trustee as to amounts deposited into the Project Fund or principal amounts paid on the Bonds shall be the official records of the Cumulative Outstanding Principal Amount for all purposes and shall be in substantially the form of the Table of Cumulative Outstanding Principal Amount as set out in the form of Bonds in **Exhibit C** hereto. The Trustee shall provide a statement of receipts and disbursements with respect thereto to the City and the Company on a monthly basis. After the Project has been completed and the certificate of payment of all costs is filed as provided in **Section 504** hereof, the Trustee, to the extent it has not already done so pursuant to this Section or **Section 1012** hereof, shall file a final statement of receipts and disbursements with respect thereto with the City and the Company.

Section 209. Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond becomes mutilated, or is lost, stolen or destroyed, the City shall execute and the Trustee shall authenticate and deliver a new Bond of like series, date and tenor as the Bond mutilated lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the City and the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee, together with indemnity satisfactory to the Trustee to save each of the City and the Trustee harmless. If any such Bond has matured, instead of delivering a substitute Bond, the Trustee may pay the same without surrender thereof. Upon the issuance of any substitute Bond, the City and the Trustee may require the payment of an amount sufficient to reimburse the City and the Trustee for any tax or other governmental charge that may be imposed in relation thereto and any other reasonable fees and expenses incurred in connection therewith.

Section 210. Cancellation and Destruction of Bonds Upon Payment.

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

(b) All Bonds cancelled under any of the provisions of this Indenture shall be destroyed by the Trustee. The Trustee shall execute a certificate describing the Bonds so destroyed, and shall file executed counterparts of such certificate with the City and the Company.

ARTICLE III

REDEMPTION OF BONDS

Section 301. Redemption of Bonds.

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

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

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

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

Section 303. Notice of Redemption. If the Bonds are to be called for redemption as provided in **Section 301(a)** hereof, the Company shall deliver written notice to the City and the Trustee that it has elected to redeem all or a portion of the Bonds at least 40 days (10 days if the Company is the sole Owner) prior to the scheduled redemption date. The Trustee shall then deliver written notice to the Owners at least 30 days (five days if the Company is the sole Owner) prior to the scheduled redemption

date by email and by first-class mail stating the date upon which the Bonds will be redeemed and paid, unless such notice period is waived by the Owners in writing.

ARTICLE IV

FORM OF BONDS

Section 401. Form Generally. The Bonds and the Trustee's Certificate of Authentication to be endorsed thereon shall be issued in substantially the forms set forth in **Exhibit C**. The Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any custom, usage or requirements of law with respect thereto.

ARTICLE V

CUSTODY AND APPLICATION OF BOND PROCEEDS

Section 501. Creation of Project Fund. There is hereby created and ordered to be established in the custody of the Trustee a special trust fund in the name of the City to be designated the "City of Joplin, Missouri, Project Fund -- Schaeffler Group USA Inc." (herein called the "Project Fund").

Section 502. Deposits into the Project Fund. The proceeds of the sale of the Bonds (whether actually paid or deemed paid under **Section 208(d)** and **(e)** hereof), when received, excluding such amounts required to be paid into the Bond Fund pursuant to **Section 602** hereof, shall be deposited by the Trustee into the Project Fund. Any money received by the Trustee from any other source for the purpose of acquiring and installing the Project Equipment shall pursuant to any directions from the Person depositing such moneys also be deposited into the Project Fund.

Section 503. Disbursements from the Project Fund.

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

(b) If, pursuant to **Section 208(d)**, the Trustee is deemed to have deposited into the Project Fund the amount specified in a requisition certificate, the Trustee shall upon endorsement of the Bonds in an equal amount be deemed to have disbursed such funds from the Project Fund to the Company (or such other entity designated by the Company) in satisfaction of the requisition certificate.

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

(d) As an alternative to the disbursement procedures set forth in **Section 503(a)**, the Trustee shall, upon instructions of the Company, on the issuance date of the Bonds transfer all money on deposit in the Project Fund to the Disbursement Agent. The Disbursement Agent shall use such money to pay or reimburse the Company (or any other party that has made payment on behalf of the Company) for payment of Project Costs. Thereafter, the Trustee shall have no further responsibility with respect to the Project Fund. On or prior to each March 1, the Disbursement Agent shall provide to the City and the Trustee a certificate showing (i) the amount disbursed from the Project Fund during the preceding calendar year, (ii) the amounts, payees and purposes for which such funds were disbursed, and (iii) a description of any Project Equipment acquired with such funds. This Section does not eliminate the Company's obligations to provide information to the City and the Trustee under **Section 4.2** of the Lease, nor the Trustee's obligations to maintain the list of Project Equipment under **Section 10.8** of the Lease.

Section 504. Completion of the Purchase and Installation of the Project Equipment. The completion of the purchase and installation of the Project Equipment and payment of all costs and expenses incident thereto shall be evidenced by the filing with the Trustee of the certificate required by the provisions of **Section 4.5** of the Lease. As soon as practicable any balance remaining in the Project Fund shall without further authorization be transferred to the Trustee, if the Disbursement Agent is disbursing funds from the Project Fund, and deposited in the Bond Fund and applied as provided in **Section 4.6** of the Lease.

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

ARTICLE VI

REVENUES AND FUNDS

Section 601. Creation of the Bond Fund. There is hereby created and ordered established in the custody of the Trustee a special trust fund in the name of the City to be designated the "City of Joplin, Missouri, Bond Fund -- Schaeffler Group USA Inc." (herein called the "Bond Fund").

Section 602. Deposits Into the Bond Fund. The Trustee shall deposit into the Bond Fund, as and when received, (a) all accrued interest on the Bonds, if any, paid by the purchaser of the Bonds; (b) all Basic Rent payable by the Company to the City specified in **Section 5.1** of the Lease; (c) any amount in the Project Fund to be transferred to the Bond Fund pursuant to **Section 504** hereof upon completion of the installation of the Project Equipment or pursuant to **Section 505** hereof upon acceleration of the Bonds; (d) the balance of any Net Proceeds (as defined in the Lease) of condemnation awards or insurance received by the Trustee pursuant to **Article IX** of the Lease; (e) the amounts to be deposited in the Bond Fund pursuant to **Section 9.1(f)** of the Lease; (f) all interest and other income derived from investments of Bond Fund moneys as provided in **Section 702** hereof; and (g) all other moneys received by the Trustee under and pursuant to any of the provisions of the Lease when accompanied by directions from the Person depositing such moneys that such moneys are to be paid into the Bond Fund.

The Trustee shall notify the Company in writing, at least 15 days prior to each date on which a payment is due under **Section 5.1** of the Lease, of the amount that is payable by the Company pursuant to such Section.

Section 603. Application of Moneys in the Bond Fund.

(a) Except as provided in **Section 605** and **Section 908** hereof or in **Section 4.6(a)** of the Lease, moneys in the Bond Fund shall be expended solely for the payment of the principal of and the interest on the Bonds as the same mature and become due or upon the redemption thereof prior to maturity; provided, however, that any amounts received by the Trustee as Additional Rent under **Section 5.2** of the Lease and deposited to the Bond Fund as provided in **Section 602** above, shall be expended by the Trustee for such items of Additional Rent as they are received or due without further authorization from the City.

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

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

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

Section 604. Payments Due on Days Other Than Business Days. In any case where the date of maturity of principal of or interest, if any, on the Bonds or the date fixed for redemption of any Bonds is not a Business Day, then payment of principal or interest, if any, need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest, if any, shall continue to accrue for the period after such date.

Section 605. Nonpresentment of Bonds. If any Bond is not presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the City to the Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the Owner of such Bond who shall thereafter be restricted

exclusively to such fund or funds for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Bond. If any Bond is not presented for payment within one year following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall without liability for interest thereon repay to the Company the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Company, and the Owner thereof shall be entitled to look only to the Company for payment, and then only to the extent of the amount so repaid, and the Company shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

ARTICLE VII

SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 701. Moneys to be Held in Trust. All moneys deposited with or paid to the Trustee for account of the Bond Fund or the Project Fund under any provision of this Indenture, and all moneys deposited with or paid to any Paying Agent under any provision of this Indenture, shall be held by the Trustee or Paying Agent in trust and shall be applied only in accordance with the provisions of this Indenture and the Lease, and, until used or applied as herein provided, shall constitute part of the Trust Estate and be subject to the lien hereof. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

Section 702. Investment of Moneys in Project Fund and Bond Fund.

(a) Moneys held in the Project Fund and the Bond Fund shall, pursuant to written direction of the Company signed by the Authorized Company Representative, be separately invested and reinvested by the Trustee in Investment Securities which mature or are subject to redemption by the Owner prior to the date such funds will be needed. Any such Investment Securities shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund in which such moneys are originally held, and the interest accruing thereon and any profit realized from such Investment Securities shall be credited to such fund, and any loss resulting from such Investment Securities shall be charged to such fund. After the Trustee has notice pursuant to **Section 1001(h)** hereof of the existence of an Event of Default, the Trustee shall direct the investment of moneys in the Bond Fund and the Project Fund. The Trustee shall sell and reduce to cash a sufficient amount of such Investment Securities whenever the cash balance in any Fund is insufficient for the purposes of such Fund. In determining the balance in any Fund, investments in such Fund shall be valued at the lower of their original cost or their fair market value as of the most recent Payment Date. The Trustee may make any and all investments permitted by the provisions of this Section through its own bond department or any affiliate or short-term investment department.

(b) The City and the Company hereby agree that confirmations of Permitted Investments are not required to be issued by the Trustee for each month in which a monthly statement relating to the applicable fund or account is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month.

Section 703. Record Keeping. The Trustee shall maintain records designed to show compliance with the provisions of this Article and with the provisions of **Article VI** hereof for at least six years after the payment of all of the Outstanding Bonds.

ARTICLE VIII

GENERAL COVENANTS AND PROVISIONS

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

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

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

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

Section 805. Recordings and Filings. The City hereby authorizes the Trustee to file all appropriate financing and continuation statements as may be required under the Uniform Commercial Code in order to fully preserve and protect the security of the Owners and the rights of the Trustee hereunder. The City will cooperate in causing this Indenture and all Supplemental Indentures, the Lease and all Supplemental Leases and all other security instruments to be recorded and filed in such manner and in such places as may be required by law in order to fully preserve and protect the security of the Owners and the rights of the Trustee hereunder.

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

Section 807. Enforcement of Rights Under the Lease. The City covenants and agrees that it shall enforce all of its rights and all of the obligations of the Company (at the expense of the Company) under the Lease to the extent necessary to preserve the Project Equipment in good repair and reasonably safe operating condition, and to protect the rights of the Trustee and the Owners hereunder with respect to the pledge and assignment of the rents, revenues and receipts coming due under the Lease; provided that, the City and the Trustee, as its assignee, shall refrain from enforcing any such right or obligation (except for the rights of the City or the Trustee to receive payments owing to either of them for their own account under the Indenture, the Lease, the Performance Agreement or any other agreement related to the Bonds or for their rights of indemnification or to be protected from liabilities by insurance policies required by the Lease) if so directed in writing by the Owners of 100% of the Outstanding Bonds. The City agrees that the Trustee, as assignee of the rentals and other amounts to be received by the City and paid by the Company under the Lease, or in its name or in the name of the City, may enforce all rights of the City to receive such rentals and other amounts and all obligations of the Company to pay such rentals and other amounts under and pursuant to the Lease for and on behalf of the Owners, whether or not the City is in default hereunder. So long as not otherwise provided in this Indenture, the Company shall be permitted to possess, use and enjoy the Project Equipment and appurtenances so as to carry out its obligations under the Lease.

ARTICLE IX

DEFAULT AND REMEDIES

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

(a) Default in the due and punctual payment of the principal on any Bond, whether at the stated maturity or accelerated maturity thereof, or at any date fixed for redemption thereof;

(b) Default in the due and punctual payment of the interest on any Bond, whether at the stated maturity or accelerated maturity thereof, or at any date fixed for redemption thereof; or

(c) Default as specified in **Section 12.1** of the Lease shall have occurred.

Anything herein to the contrary notwithstanding and subject to **Section 907**, no default specified above shall constitute an Event of Default until actual notice of such default by registered or certified mail has been given by the City, the Trustee or by the Owners of 25% in aggregate principal amount of all Bonds Outstanding to the Company and the Company has had 30 days after receipt of such notice to correct said default or cause said default to be corrected, and has not corrected said default or caused said default to be corrected within such period.

Section 902. Acceleration of Maturity in Event of Default. If an Event of Default has occurred and is continuing, the Trustee may, and upon the written request of the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding, shall, by notice in writing delivered to the City and the Company, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

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

Section 904. Appointment of Receivers in Event of Default. If an Event of Default has occurred and is continuing, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate or any part thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 905. Exercise of Remedies by the Trustee.

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

(b) If an Event of Default has occurred and is continuing, and if requested to do so by (1) the City (in the case of an Event of Default arising out of **Section 12.1(b), (c), (d)** or **(e)** of the Lease), or (2) the Owners of 25% in aggregate principal amount of Bonds then Outstanding and indemnified as provided in subsection (l) of **Section 1001** hereof, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article as the Trustee, being advised by counsel, shall deem most expedient and in the interests of the City or the Owners, as the case may be.

(c) All rights of action under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without necessity of joining as plaintiffs or defendants any Owners, and any recovery of judgment shall, subject to the provisions of **Section 908** hereof, be for the equal benefit of all the Owners of the Outstanding Bonds.

Section 906. Limitation on Exercise of Remedies by Owners. No Owner shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereunder or for the appointment of a receiver or any other remedy hereunder, unless (a) a default has occurred of which the Trustee has been notified as provided in **Section 1001(h)** or of which by said subsection the Trustee is deemed to have notice, (b) such default has become an Event of Default, (c) the Owners of 25% in aggregate principal amount of Bonds then Outstanding have made written request to the Trustee, have offered it reasonable opportunity either to proceed and to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, and have offered to the Trustee indemnity as provided in **Section 1001(l)**, and (d) the Trustee thereafter fails or refuses to exercise the powers herein granted or to institute such action, suit or proceeding in its own name; such notification, request and offer of indemnity are hereby declared in every case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder it being understood and intended that no one or more Owners shall have any right in any manner whatsoever to affect, disturb or prejudice this Indenture by their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Owners of all Bonds then Outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any Owner to payment of the principal of and interest on any Bond at and after the maturity thereof or the obligation of the City to pay the principal of and interest on each of the Bonds issued hereunder to the respective Owners thereof at the time, place, from the source and in the manner herein and in the Bonds expressed.

Section 907. Right of Owners to Direct Proceedings.

(a) The Owners of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee and the City, to (i) direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder, or (ii) direct the Trustee and the City to refrain, for such period of time as such Owners may specify, from exercising any remedies available to the Trustee or the City under this Indenture, the Lease or applicable law; provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture, including **Section 1001(l)** hereof.

(b) Notwithstanding any provision in this Indenture or the Lease to the contrary, including paragraph (a) of this Section, the Owners shall not have the right to control or direct any remedies hereunder upon an Event of Default under **Section 12.1(b), (c), (d)** or **(e)** of the Lease.

Section 908. Application of Moneys in Event of Default.

(a) All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of any obligations outstanding under the Performance Agreement, of the cost and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances incurred or made by the Trustee (including any attorneys fees and expenses) or amounts to be paid pursuant to **Section 903** hereof, be deposited in the Bond Fund and all moneys so deposited in the Bond Fund shall be applied as follows:

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

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

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

(2) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest, if any, then due and unpaid on all of the Bonds, without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other installment of interest or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Person entitled thereto, without any discrimination or privilege.

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

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

(c) Whenever all of the Bonds and interest thereon, if any, have been paid under the provisions of this Section, and all fees, expenses and charges of the City and the Trustee and any other amounts required to be paid under this Indenture and the Lease have been paid (including any amounts payable under the Performance Agreement), any balance remaining in the Bond Fund shall be paid to the Company as provided in **Section 603** hereof.

Section 909. Remedies Cumulative. No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Owners hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right, power or remedy accruing upon any Event of Default shall impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default or

acquiescence therein; every such right, power or remedy may be exercised from time to time and as often as may be deemed expedient. If the Trustee has proceeded to enforce any right under this Indenture by the appointment of a receiver, by entry, or otherwise, and such proceedings have been discontinued or abandoned for any reason, or have been determined adversely, then and in every such case the City, the Company, the Trustee and the Owners shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 910. Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of and interest, if any, on Bonds, and shall do so upon the written request of the Owners of at least 50% in aggregate principal amount of all the Bonds then Outstanding, provided, however, that (1) there shall not be waived without the consent of the City an Event of Default hereunder arising from an Event of Default under **Section 12.1(b), (c), (d)** or **(e)** of the Lease, and (2) there shall not be waived without the consent of the Owners of all the Bonds Outstanding (a) any Event of Default in the payment of the principal of any Outstanding Bonds when due (whether at the date of maturity or redemption specified therein), or (b) any Event of Default in the payment when due of the interest on any such Bonds, unless prior to such waiver or rescission, all arrears of interest, or all arrears of payments of principal when due, as the case may be, and all reasonable expenses of the Trustee and the City (including attorneys fees and expenses), in connection with such default, shall have been paid or provided for. In case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the City, the Company, the Trustee and the Owners shall be restored to their former positions, rights and obligations hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

ARTICLE X

THE TRUSTEE

Section 1001. Acceptance of the Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee:

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. If any Event of Default has occurred and is continuing, subject to **Section 1001(l)** below, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of its own affairs.

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

connection with the trusts hereof. The Trustee shall not be responsible for any loss or damage resulting from any action or nonaction by it taken or omitted to be taken in good faith in reliance upon such opinion or advice of counsel addressed to the City and the Trustee.

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

(d) The Trustee shall not be accountable for the use of any Bonds authenticated and delivered hereunder. The Trustee, in its individual or any other capacity, may become the Owner or pledgee of Bonds with the same rights that it would have if it were not Trustee. The Trustee shall not be accountable for the use or application by the City or the Company of the proceeds of any of the Bonds or of any money paid to or upon the order of the City or Company under any provision of this Indenture.

(e) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, affidavit, letter, telegram or other paper or document provided for under this Indenture believed by it to be genuine and correct and to have been signed, presented or sent by the proper Person or Persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any Person who, at the time of making such request or giving such authority or consent is an Owner, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or upon transfer or in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, or whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee shall be entitled to rely upon a certificate signed by the Authorized City Representative or an Authorized Company Representative as sufficient evidence of the facts therein contained, and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (h) of this Section or of which by said subsection it is deemed to have notice, the Trustee shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful misconduct.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the City to cause to be made any of the payments to the Trustee required to be made in **Article VI**, unless the Trustee is specifically notified in writing of such default by the City or by the Owners of at least 25% in aggregate principal amount of all Bonds then Outstanding.

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

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

(k) The Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the City to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

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

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

(n) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

Section 1002. Fees, Charges and Expenses of the Trustee. The Trustee shall be entitled to payment of and/or reimbursement for reasonable fees for its ordinary services rendered hereunder and all advances, agent and counsel fees and other ordinary expenses reasonably made or incurred by the Trustee in connection with such ordinary services. If it becomes necessary for the Trustee to perform

extraordinary services, it shall be entitled to reasonable extra compensation therefor and to reimbursement for reasonable extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary expenses are occasioned by the neglect or willful misconduct of the Trustee, it shall not be entitled to compensation or reimbursement therefor. The Trustee shall be entitled to payment and reimbursement for the fees and charges of the Trustee as Paying Agent for the Bonds. Pursuant to the provisions of **Section 5.2** of the Lease, the Company has agreed to pay to the Trustee all fees, charges and expenses of the Trustee under this Indenture. The Trustee agrees that the City shall have no liability for any reasonable fees, charges and expenses of the Trustee, and the Trustee agrees to look only to the Company for the payment of all reasonable fees, charges and expenses of the Trustee and any Paying Agent as provided in the Lease. Upon the occurrence of an Event of Default and during its continuance, the Trustee shall have a lien with right of payment prior to payment on account of principal of or interest on any Bond, upon all moneys in its possession under any provisions hereof for the foregoing reasonable advances, fees, costs and expenses incurred.

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

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

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

Section 1006. Resignation of Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving 30 days' written notice to the City, the Company and the Owners, and such resignation shall take effect at the end of such 30 days, or upon the earlier appointment of a successor Trustee by the Owners or by the City.

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

Section 1008. Appointment of Successor Trustee. If the Trustee hereunder resigns or is removed, or otherwise becomes incapable of acting hereunder, or if it is taken under the control of any public officer or officers or of a receiver appointed by a court, a successor Trustee (a) reasonably

acceptable to the City may be appointed by the Company (so long as no Event of Default has occurred and is continuing), or (b) reasonably acceptable to the City and the Company may be appointed by the Owners of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing; provided, nevertheless, that in case of such vacancy, the City, by an instrument executed and signed by its Mayor and attested by its City Clerk under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed in the manner above provided. Any such temporary Trustee so appointed by the City shall immediately and without further acts be superseded by the successor Trustee so appointed as provided above. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank in good standing and qualified to accept such trust having, or whose obligations are guaranteed by a financial institution having, a reported capital, surplus and undivided profits of not less than $50,000,000. If no successor Trustee has been so appointed and accepted appointment in the manner herein provided, the Trustee or any Owner may petition any court of competent jurisdiction for the appointment of a successor Trustee, until a successor shall have been appointed as above provided.

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

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

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

(a) It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the State of Missouri) denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or the Lease, and in particular in case of the enforcement of either this Indenture or the Lease upon the occurrence of an Event of Default, or if the Trustee deems that by

reason of any present or future law of any jurisdiction it cannot exercise any of the powers, rights or remedies herein granted to the Trustee, or take any other action which may be desirable or necessary in connection therewith, it may be necessary or desirable that the Trustee appoint an additional individual or institution as a co-trustee or separate trustee, and the Trustee is hereby authorized to appoint such co-trustee or separate trustee.

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

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

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

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

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

ARTICLE XI

SUPPLEMENTAL INDENTURES

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

(a) To cure any ambiguity or formal defect or omission in this Indenture, or to make any other change which, in the judgment of the Trustee, is not to the material prejudice of the Trustee or the Owners;

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

(c) To more precisely identify the Project Equipment;

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

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

Section 1102. Supplemental Indentures Requiring Consent of Owners.

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

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

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

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

ARTICLE XII

SUPPLEMENTAL LEASES

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

Section 1202. Supplemental Leases Requiring Consent of Owners. Except for Supplemental Leases as provided for in **Section 1201** hereof, neither the City nor the Trustee shall consent to the execution of any Supplemental Lease or Supplemental Leases by the City or the Company without the mailing of notice and the obtaining of the written approval or consent of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding given and obtained as provided in **Section 1102** hereof. If at any time the City and the Company shall request the consent of the Trustee to any such proposed Supplemental Lease, the Trustee shall cause notice of such proposed Supplemental Lease to be mailed in the same manner as provided in **Section 1102** hereof with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of such proposed Supplemental Lease and shall state that copies of the same are on file in the principal corporate trust office of the Trustee for inspection by all Owners. If within 60 days or such longer period as may be prescribed by the City following the mailing of such notice, the Owners of not less than 50% in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Lease shall have consented to and approved the execution thereof as herein provided, no Owner shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the City from executing the same or from taking any action pursuant to the provisions thereof.

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

ARTICLE XIII

SATISFACTION AND DISCHARGE OF INDENTURE

Section 1301. Satisfaction and Discharge of this Indenture.

(a) When the principal of and interest on all the Bonds have been paid in accordance with their terms or provision has been made for such payment, as provided in **Section 1302** hereof, and provision also made for paying all other sums payable hereunder and under the Lease and the Performance Agreement, including the reasonable fees and expenses of the Trustee, the City and Paying Agent to the date of retirement of the Bonds, then the right, title and interest of the Trustee in respect hereof shall thereupon cease, determine and be void. Thereupon the Trustee shall cancel, discharge and release this Indenture and shall, upon the written request of the City or the Company, execute, acknowledge and deliver to the City such instruments of satisfaction and discharge or release as shall be required to evidence such release and the satisfaction and discharge of this Indenture, and shall assign and deliver to the City any property at the time subject to this Indenture which may then be in its possession, except amounts in the Bond Fund required to be paid to the Company under **Section 603** hereof and except funds or securities in which such funds are invested and held by the Trustee for the payment of the principal of and interest on the Bonds.

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

Section 1302. Bonds Deemed to be Paid.

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

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

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

ARTICLE XIV

MISCELLANEOUS PROVISIONS

Section 1401. Consents and Other Instruments by Owners. Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Owners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Owners in Person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds (other than the assignment of ownership of a Bond), if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken, suffered or omitted under any such instrument, namely:

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

(b) The fact of ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same shall be proved by the registration books of the City maintained by the Trustee pursuant to **Section 206** hereof.

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

Section 1403. Notices. It shall be sufficient service of any notice, request, complaint, demand or other paper required by this Indenture to be given or filed with the City, the Trustee, the Company or Owners if the same is duly mailed, postage prepaid, sent by overnight delivery or other delivery service or sent by email:

(a) To the City:

City of Joplin, Missouri
602 S. Main St.
Joplin, Missouri 64801
ATTN: City Manager
Email: sanselm@joplinmo.org

(b) To the Trustee:

UMB Bank, N.A.
1010 Grand Blvd, 4th Floor
Kansas City, MO 64106
ATTN: Corporate Trust Department
Email: Tremaine.Duarte@umb.com

(c) To the Company:

Schaeffler Group USA Inc.
308 Springhill Farm Road
Fort Mill, South Carolina 29715
Facsimile: (803) 548-8589
ATTN: General Counsel

with a copy to:

_____
_____
_____

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

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

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

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

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

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

[remainder of page intentionally left blank]

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

CITY OF JOPLIN, MISSOURI

By: _____
Mayor

[SEAL]

ATTEST:

By: _____
City Clerk

Approved as to form:

_____
City Attorney

UMB BANK, N.A., as Trustee

By: _____
Name:
Title:

EXHIBIT A

THE PROJECT SITE

3900 South Rangeline Road, Joplin, Missouri 64804

EXHIBIT B

THE PROJECT EQUIPMENT

All equipment financed with the proceeds of the Bonds located on the Project Site in Joplin, Newton County, Missouri, to and until the end of the Abatement Period for each such item of equipment. No Project Equipment shall be acquired with Bond proceeds after December 31, 2023.

EXHIBIT C

FORM OF BOND

THIS BOND OR ANY PORTION HEREOF MAY BE TRANSFERRED, ASSIGNED OR NEGOTIATED ONLY AS PROVIDED IN THE HEREIN DESCRIBED INDENTURE.

No. 1 **Not to Exceed $67,215,000**

UNITED STATES OF AMERICA
STATE OF MISSOURI

CITY OF JOPLIN, MISSOURI
TAXABLE INDUSTRIAL REVENUE BOND
(SCHAEFFLER EXPANSION PROJECT)
SERIES 2018

Interest Rate	**Maturity Date**	**Dated Date**
5.00%	**December 1, 2030**	**December ___, 2018**

OWNER: **SCHAEFFLER GROUP USA INC.**

MAXIMUM PRINCIPAL AMOUNT: **SIXTY-SEVEN MILLION TWO-HUNDRED FIFTEEN THOUSAND DOLLARS**

THE CITY OF JOPLIN, MISSOURI, a home rule charter city organized and existing under the laws of the State of Missouri (the "City"), for value received, promises to pay, but solely from the source hereinafter referred to, to the Owner named above, or registered assigns thereof, on the Maturity Date shown above, the principal amount shown above, or such lesser amount as may be outstanding hereunder as reflected on **Schedule I** hereto held by the Trustee as provided in the hereinafter referred to Indenture. The City agrees to pay such principal amount to the Owner in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts, and in like manner to pay to the Owner hereof, either by check or draft mailed to the Owner at a stated address as it appears on the bond registration books of the City kept by the Trustee under the within-mentioned Indenture or, in certain situations authorized in the Indenture, by internal bank transfer or by electronic transfer to an account in a commercial bank or savings institution located in the continental United States, interest on the Cumulative Outstanding Principal Amount (as hereinafter defined) at the per annum Interest Rate stated above, payable in arrears on each December 1 commencing on December 1, 2019, and continuing thereafter until the said Cumulative Outstanding Principal Amount is paid in full. Interest on each advancement of the principal amount of this Bond shall accrue from the date that such advancement is made, computed on the basis of a year of 360 days consisting of 12 months of 30 days each.

As used herein, the term "Cumulative Outstanding Principal Amount" means the aggregate principal amount of Bonds outstanding under the terms of the hereinafter-defined Indenture, as reflected on **Schedule I** hereto maintained by the Trustee.

THIS BOND is one of a duly authorized series of Bonds of the City designated "City of Joplin, Missouri Taxable Industrial Revenue Bonds (Schaeffler Expansion Project), Series 2018," in the maximum aggregate principal amount of $67,215,000 (the "Bonds"), to be issued for the purpose of providing funds to pay the cost of purchasing and installing the Project Equipment, to be leased to the Company, under the terms of a Lease Agreement dated as of December 1, 2018 (said Lease Agreement, as amended and supplemented from time to time in accordance with the provisions thereof, being herein called the "Lease"), between the City and the Company, all pursuant to the authority of and in full compliance with the provisions, restrictions and limitations of the Constitution, statutes of the State of Missouri and the City's Charter, including particularly the Act, and pursuant to proceedings duly had by the governing body of the City.

THE BONDS are issued under and are equally and ratably secured and entitled to the protection given by a Trust Indenture, dated as of December 1, 2018 (said Trust Indenture, as amended and supplemented from time to time in accordance with the provisions thereof, being herein called the "Indenture"), between the City and UMB Bank, N.A., as trustee (the "Trustee"). *Capitalized terms not defined herein shall have the meanings set forth in the Indenture.*

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

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

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

THE OWNER of this Bond shall have no right to enforce the provision of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto,

except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then Outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of this Bond or the Indenture may be made only to the extent and in the circumstances permitted by the Indenture.

THIS BOND is transferable, as provided in the Indenture, only upon the books of the City kept for that purpose at the above-mentioned office of the Trustee by the Owner hereof in Person or by such Person's duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the Owner or such Person's duly authorized attorney, and thereupon a new fully registered Bond or Bonds, without coupons, and in the same aggregate principal amounts, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The City, the Trustee and any Paying Agent may deem and treat the Person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes. The Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities law, and the Bonds may not be transferred unless the City and the Trustee are furnished a written legal opinion from counsel acceptable to the City, the Trustee and the Company, to the effect that such transfer is exempt from the registration requirements of the Securities Act of 1933, as amended, and any applicable state securities law. The Bonds may also be transferred to any entity controlled by, under common control with or controlling the Company without the necessity of obtaining such an opinion. The Bonds may only be transferred to Approved Investors. For this purpose, Approved Investors are defined as (i) an "accredited investor," as that term is defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended (the "1933 Act"), or (ii) a "qualified institutional buyer," as that term is defined in Rule 144A promulgated under the 1933 Act. In connection with any such transfer of the Bonds, the City and the Trustee shall receive an executed representation letter signed by the proposed assignee in substantially the form of **Exhibit D** attached to the Indenture.

THE BONDS are issuable in the form of one fully-registered Bond in the maximum principal amount of $67,215,000.

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

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

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

[remainder of page intentionally left blank]

CITY OF JOPLIN, MISSOURI

By _____
Mayor

(SEAL)

ATTEST:

By _____
City Clerk

CERTIFICATE OF AUTHENTICATION

This Bond is the Taxable Industrial Revenue Bond (Schaeffler Expansion Project), Series 2018, described in the Trust Indenture. The effective date of registration of this Bond is set forth below.

UMB BANK, N.A., as Trustee

_____ By _____
Date Authorized Signatory

SCHEDULE I

TABLE OF CUMULATIVE OUTSTANDING PRINCIPAL AMOUNT

CITY OF JOPLIN, MISSOURI
TAXABLE INDUSTRIAL REVENUE BOND
(SCHAEFFLER EXPANSION PROJECT)
SERIES 2018

Bond No. 1

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

FORM OF ASSIGNMENT

(NOTE RESTRICTIONS ON TRANSFERS)

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

_____

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

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

Dated: _____.

_____

PLACE SIGNATURE MEDALLION BELOW:

EXHIBIT D

FORM OF REPRESENTATION LETTER

City of Joplin, Missouri
Joplin, Missouri
ATTN: City Clerk

UMB Bank, N.A.
1010 Grand Blvd, 4th Floor
Kansas City, MO 64106
ATTN: Corporate Trust Department

Re: $67,215,000 Maximum Principal Amount of Taxable Industrial Revenue Bonds (Schaeffler Expansion Project), Series 2018, of the City of Joplin, Missouri

Ladies and Gentlemen:

In connection with the purchase of the above-referenced Bonds (the "Bonds"), the undersigned (the "Investor") hereby represents, warrants and agrees as follows:

1. The Investor understands that (a) the Bonds are being issued under and pursuant to a Trust Indenture dated as of December 1, 2018 (the "Indenture"), between City of Joplin, Missouri (the "City") and UMB Bank, N.A., as trustee (the "Trustee"), and (b) the Bonds are payable solely out of certain rents, revenues and receipts to be derived from the leasing or sale of the Project Equipment (as defined in the Indenture) to Schaeffler Group USA Inc. (the "Company"), under a Lease Agreement dated as of December 1, 2018 (the "Lease"), between the City and the Company, with certain of such rents, revenues and receipts being pledged and assigned by the City to the Trustee under the Indenture to secure the payment of the principal of and interest on the Bonds.

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

3. The Investor agrees not to attempt to offer, sell, hypothecate or otherwise distribute the Bonds to others unless authorized by the terms of the Indenture and upon receipt of any required opinion of counsel acceptable to the City, the Company and the purchaser that all registration and disclosure requirements of the Securities and Exchange Commission and all other appropriate federal and Missouri securities laws and the securities law of any other applicable state are complied with.

4. The City and the Company have (a) furnished such information as the Investor deems necessary to make an informed investment decision with respect to the purchase of the Bonds, (b) made available to Investor ample opportunity to ask questions of, and to receive answers from, appropriate officers of the City and the Company and the terms and conditions of the offering of the Bonds, and (c) provided to the Investor all additional information which it has requested.

5. The Investor is familiar with the operations of the Company and fully aware of terms and risks of the Bonds. The Investor believes the Bonds that it is acquiring are a security of the kind that it wishes to purchase and hold for investment and that the nature and amount thereof are consistent with its investment program. The Investor is able to bear the economic risk of an investment in the Bonds, including a complete loss of such investment

6. The Investor is fully aware of and satisfied with (a) the current status of the title to the Project Equipment and any issues related thereto and (b) the terms, amounts and providers of the insurance maintained pursuant to **Article VII** of the Lease, and the Investor is purchasing the Bonds with full knowledge of such matters.

7. The Investor understands and agrees that the interest on the Bonds is subject to federal and state income taxation.

8. Check applicable section:

____ The Investor is familiar with Rule 144A promulgated under the 1933 Act and is a "qualified institutional buyer" as defined in Rule 144A; it is aware that the sale of Bonds to it is made in reliance on Rule 144A and understands that such Bonds may be offered, resold, pledged or transferred only (a) to a person who the Investor reasonably believes is a "qualified institutional buyer" that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the resale, pledge or transfer is being made in reliance on Rule 144A, or (b) pursuant to another exemption from registration under the 1933 Act; or

____ The Investor is familiar with Regulation D promulgated under the 1933 Act and is a sophisticated institutional investor and an "accredited investor" within the meaning of Regulation D; it understands that such Bonds may be resold, pledged or transferred only (a) to a person who the seller reasonably believes is a sophisticated institutional investor and an accredited investor that purchases for its own account; or (b) pursuant to another exemption from registration under the 1933 Act.

Dated: _____ Investor Name: _____

By: _____
Title: _____

EXHIBIT E

ABATEMENT PERIOD

It is anticipated that the Project Equipment will be acquired over the course of several years. All Project Equipment shall be designated by the Company as either Three-Year Property or Seven-Year Property in accordance with the requirements of the Lease. For each item of Three-Year Property and Seven-Year Property acquired in the years shown below, the abatement period shall terminate as shown below. No Project Equipment shall be acquired with Bond proceeds after December 31, 2023.

Date of Acquisition	Three-Year Property End of Abatement Period	Seven-Year Property End of Abatement Period
Before 12/31/18	December 31, 2023	December 31, 2025
1/1/19 to 12/31/19	December 31, 2024	December 31, 2026
1/1/20 to 12/31/20	December 31, 2025	December 31, 2027
1/1/21 to 12/31/21	December 31, 2026	December 31, 2028
1/1/22 to 12/31/22	December 31, 2027	December 31, 2029
1/1/23 to 12/31/23	December 31, 2028	December 31, 2030

COUNCIL BILL NO. 2018-026 ORDINANCE NO. _____

AN ORDINANCE APPROVING A PLAN FOR AN INDUSTRIAL DEVELOPMENT PROJECT CONSISTING OF THE ACQUISITION AND INSTALLATION OF MANUFACTURING EQUIPMENT, AUTHORIZING THE CITY OF JOPLIN, MISSOURI TO ISSUE ITS TAXABLE INDUSTRIAL REVENUE BONDS IN A PRINCIPAL AMOUNT NOT TO EXCEED $67,215,000 AND APPROVING CERTAIN RELATED DOCUMENTS AND ACTIONS.

WHEREAS, the City of Joplin, Missouri (the "City") is a constitutional charter city and municipal corporation of the State of Missouri, duly created, organized and existing under and by virtue of the Constitution and laws of the State of Missouri; and

WHEREAS, the City is authorized under the provisions of Article VI, Section 27(b) of the Missouri Constitution, as amended, and Sections 100.010 to 100.200, inclusive, of the Revised Statutes of Missouri, as amended (collectively, the "Act"), to purchase, construct, extend, improve and equip certain projects (as defined in the Act) for the purposes set forth in the Act and to issue industrial development revenue bonds for the purpose of providing funds to pay the costs of such projects and to lease or otherwise dispose of such projects to private persons or corporations for manufacturing, commercial, warehousing and industrial development purposes upon such terms and conditions as the City shall deem advisable; and

WHEREAS, Schaeffler Group USA Inc., a Delaware corporation (the "Company"), has proposed a project consisting of acquiring and installing manufacturing equipment in its facility located at 3900 South Rangeline Road, Joplin, Missouri (the "Project"); and

WHEREAS, the City, in accordance with Section 100.050 of the Act, prepared a plan for industrial development (the "Plan"), gave notice of the Plan on November 27, 2018 by mail to the taxing jurisdictions in accordance with Section 100.059.1 of the Act, and held a public hearing regarding the Plan on December 17, 2018, during which hearing those in attendance were given the opportunity to provide comments with respect to the Plan; and

WHEREAS, the City now desires to approve the Plan; and

WHEREAS, the City desires to finance the costs of the Project out of the proceeds of industrial development revenue bonds to be issued under the Act (the "Bonds"); and

WHEREAS, the City has and does hereby find and determine that it is desirable for the economic development of the City and within the public purposes of the Act that the City proceed with the issuance of the Bonds for the purpose described above; and

WHEREAS, Section 4.23 of the City Charter requires that all bonds sold by the City be sold at public sale upon sealed proposals after at least fifteen days' notice in a newspaper published in Joplin, Missouri; and

WHEREAS, a notice of sale was published in the *Joplin Globe* on November 30, 2018 inviting potential bond purchasers to submit bids for the Bonds and the City has received one bid for the bonds; and

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

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF JOPLIN, MISSOURI:

Section 1. Promotion of Economic Development. The Council hereby finds and determines that the Project will promote the economic welfare and the development of the City, and the issuance of the Bonds by the City to pay the costs of the Project will be in furtherance of the public purposes set forth in the Act.

Section 2. Approval of Plan. The Council hereby approves the Plan attached hereto as **Exhibit A** in accordance with Section 100.050 of the Act.

Section 3. Authorization and Sale of the Bonds. The City is hereby authorized to issue and sell its Taxable Industrial Revenue Bonds (Schaeffler Expansion Project), in an aggregate principal amount not to exceed $67,215,000, for the purpose of providing funds to pay the costs of the Project. The Bonds shall be issued and secured pursuant to the herein authorized Trust Indenture and shall bear such date, shall mature at such time, shall be in such denominations, shall bear interest at such rate, shall be in such form, shall be subject to redemption, shall have such other terms and provisions, shall be issued, executed and delivered in such manner and shall be subject to such provisions, covenants and agreements as are specified in the Trust Indenture upon the execution thereof, and the signatures of the officers of the City executing the Trust Indenture shall constitute conclusive evidence of their approval and the City's approval thereof.

The City hereby determines that the sealed proposal for purchase of the bonds submitted by the company was the only bid submitted at the public sale of the Bonds and that it is in the best interest of the City to accept the bid submitted by the Company. The sale of the Bonds to the Company at the interest rate and upon the terms set forth in the Trust Indenture is hereby approved.

Section 4. Limited Obligations. The Bonds and the interest thereon shall be limited obligations of the City payable solely out of the payments, revenues and receipts derived by the City from the herein authorized Lease Agreement, 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 Trust Indenture. The Bonds and the interest thereon shall not be deemed to constitute a debt or liability of the City within the meaning of any constitutional provision, statutory limitation or City Charter provision and shall not constitute a pledge of the full faith and credit of the City. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the City to levy any form of taxation therefore or to make any appropriation for their payment.

Section 5. Approval and Authorization of Documents. The following documents (the "City Documents") are hereby approved in substantially the forms presented to the Council at this meeting (copies of which documents shall be filed in the records of the City), and the City is hereby authorized to execute and deliver the City Documents with such changes therein as shall be approved by the officials of the City executing such documents, such officials' signatures thereon being conclusive evidence of their approval thereof:

(a) Trust Indenture dated as of the date set forth therein (the "Trust Indenture"), between the City and the bond trustee named therein (the "Trustee"), pursuant to which the Bonds shall be issued and the City shall pledge and assign the payments, revenues and receipts received pursuant to the Lease Agreement to the Trustee for the benefit and security of the owners of the Bonds upon the terms and conditions as set forth in the Trust Indenture;

(b) Lease Agreement dated as of the date set forth therein (the "Lease Agreement"), between the City and the Company, under which the City will provide funds for the Project and lease

the Project to the Company pursuant to the terms and conditions in the Lease Agreement, in consideration of rental payments by the Company which will be sufficient to pay the principal of, premium, if any, and interest on the Bonds;

(c) Bond Purchase Agreement dated as of the date set forth therein, between the City and the Company, pursuant to which the Company agrees to purchase the Bonds; and

(d) Performance Agreement dated as of the date set forth therein, between the City and the Company, pursuant to which the City has granted the Company certain rights with respect to the abatement of ad valorem real property taxes on the Project in consideration of certain agreements by the Company.

Section 6. Execution of Documents. The Mayor of the City is hereby authorized and directed to execute the Bonds and to deliver the Bonds to the Trustee for authentication for and on behalf of and as the act and deed of the City in the manner provided in the Indenture. The Mayor, City Manager or Finance Director of the City is hereby authorized and directed to execute the City Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance, for and on behalf of and as the act and deed of the City. The City Clerk of the City is hereby authorized and directed to attest to and affix the seal of the City to the Bonds and the City Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance.

Section 7. Further Authority. The Mayor, City Manager, Finance Director, City Clerk and other officials, agents and employees of the City as required 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 Ordinance and to carry out, comply with and perform the duties of the City with respect to the Bonds and the City Documents. The Mayor is authorized to grant on behalf of the City such consents and waivers relating to the Bonds, the Trust Indenture, the Performance Agreement or the Lease Agreement as may be requested during the term thereof and as the Mayor may deem appropriate with the advice and counsel of city staff; provided, such consents and/or waivers shall not increase the principal amount of the Bonds, increase the term of the Lease or the tax exemption as provided for therein, or materially change the nature of the transaction.

Section 8. Effective Date. This Ordinance shall take effect and be in full force from and after its passage and adoption by the City Council and approval by the Mayor.

[remainder of page intentionally left blank]

PASSED by the City Council of the City of Joplin, Missouri and APPROVED by the Mayor this _____ day of December, 2018.

_____
GARY L. SHAW, MAYOR

[SEAL]
ATTEST:

_____
Barbara J. Gollhofer, City Clerk

APPROVED AS TO FORM:

_____
Peter C. Edwards, City Attorney

EXHIBIT A

PLAN FOR AN INDUSTRIAL DEVELOPMENT PROJECT