CITY OF ASHLAND
815 EAST BROADWAY
(SOUTHERN BOONE FIRE PROTECTION DISTRICT TRAINING FACILITY)
ASHLAND, MO. 65010
BOARD OF ALDERMEN AGENDA
TUESDAY, OCTOBER 04, 2016
7:00 P.M.

Call the meeting to order

Pledge of Allegiance

Roll Call

CONSENT

1. Consideration of the 10-04-2016 agenda: **Action:** _____
2. Consideration of the 9-20-2016 minutes: **Action:** _____

APPEARANCES

3. Mo. Network Utility Transport, LLC-representative-permit submission for a monopole on East Johnson and Maple Street

4. Anyone wishing to appear before the Board

APPOINTMENTS

5. None

COUNCIL BILLS

6. None

ORDINANCES

7. Ordinance No. 1091, an ordinance to change the zoning of two parcels of land from (I-L) Light Industrial to (G-C) General Commercial for James E. Guthrie Trust No. 1. **Action:** _____

RESOLUTIONS

8. A resolution authorizing the emergency repair/replacement of a well pump. **Action:** _____

OTHER

9. Authorizing D.A. Davidson-Steve Goehl to serve as private placement agent for the Wastewater System Improvement Project-Series 2017

REPORTS

10. Mayor's Report
11. City Administrator's
12. City Attorney's Report
13. Board of Aldermen's Report
14. Vote to go into closed session pursuant to Chapter 610.021 (2) real estate
15. Go into open session and report action taken/if any
16. Vote to adjourn the meeting

The City of Ashland wants to make certain our meeting is accessible to all citizens. If you require any accommodations (signing, interpreter, translator, etc.) that we do not normally have at our meetings, please let Darla Sapp, City Clerk know of your needs. (if possible 48 hours in advance of the meeting)

Posted: 9-30-2016 City Hall and website: www.ashlandmo.us

TUESDAY, SEPTEMBER 20, 2016
BOARD OF ALDERMEN MINUTES
7:00 P.M.
DRAFT COPY NOT APPROVED BY BOARD

Mayor Rhorer called the regular meeting to order at 7:00 p.m. on September 20, 2016 at 815 East Broadway, Ashland, Missouri.

Mayor Rhorer led in the pledge of allegiance.

Mayor Rhorer called the roll:

Ward One:	George Campbell-here, Danny Clay-here
Ward Two:	Jesse Bronson-here, James Fasciotti-here
Ward Three:	Rick Lewis-here, Fred Klippel-here

Staff Present: Fred Boeckmann, City Attorney, Darla Sapp, City Clerk and Lyn Woolford, Police Chief/City Administrator.

Mayor Rhorer presented the agenda of September 20, 2016 for consideration. Alderman Bronson made motion and seconded by Alderman Klippel to approve the agenda with the removal of Council Bill No. 2016-47, an ordinance approving the final plat for Ponderosa Commercial Park. Mayor Rhorer called for the vote with the amendment. Motion carried.

Mayor Rhorer presented the minutes of September 06, 2016 for consideration. Alderman Bronson made motion and seconded by Alderman Clay to approve the minutes as presented. Mayor Rhorer called for the vote. Motion carried.

Mayor Rhorer asked if anyone wished to appear before the Board. Steve Shultz of Bartlett and West gave an update on the Ash Street sidewalk project. He reported they did a semi-final walk through on this project today. He stated there is a punch list of items that need to be addressed before the project is wrapped up. He thanked the Board for the opportunity to work for the City.

Mayor Rhorer asked if anyone else wished to appear before the Board. No one came forward.

Mayor Rhorer presented Jarrod Bryan to serve on the Parks and Recreation Board. Alderman Bronson made motion and seconded by Alderman Klippel to appoint Jerrod Bryan to the Parks and Recreation Board. Jerrod Bryan gave a brief overview of his qualifications and interests. Mayor Rhorer called for the vote. Alderman Klippel-aye, Alderman Bronson-aye, Alderman Campbell-aye, Alderman Lewis-aye, Alderman Fasciotti-aye, Alderman Clay-aye. Motion carried.

Mayor Rhorer presented Jarrod Bryan to serve on the Planning and Zoning Commission. Alderman Bronson made motion and seconded by Alderman Klippel to appoint Jerrod Bryan to the Planning and Zoning Commission. Alderman Bronson asked if Mr. Bryan had the time to devote to two Boards. Jerrod Bryan reported he would try both Boards and go from there. Mr. Bryan stated he wanted to help and be part of the community. Mayor Rhorer called for the vote. Alderman Lewis-aye, Alderman Fasciotti- aye, Alderman Clay-aye, Alderman Campbell-aye, Alderman Bronson-aye, Alderman Klippel-aye. Motion carried. Motion carried.

Mayor Rhorer presented Council Bill No. 2016-045 for consideration. Alderman Bronson made motion and seconded by Alderman Clay to take up an ordinance to change the zoning of two parcels of land from

(I-L) Light Industrial to (R-3) High Density Residential for Conservation Home Builders, LLC. First Reading by title only. Mayor Rhorer called for questions or comments. No one came forward. Mayor Rhorer called for the vote. Alderman Klippel-nay, Alderman Bronson-nay, Alderman Campbell-nay, Alderman Fasciotti-nay, Alderman Lewis-nay, Alderman Clay-nay. Motion failed.

Mayor Rhorer presented Council Bill No. 2016-046 for consideration. Alderman Clay made motion and seconded by Alderman Bronson to take up an ordinance to change the zoning of two parcels of land from (I-L) Light Industrial to (G-C) General Commercial for James E. Guthrie Trust No. 1. First reading by title only. Mayor Rhorer called for questions or comments. Alderman Lewis questioned where this property was located at. This was explained. Alderman Bronson reported the Planning and Zoning Commission has recommended approval of this rezoning. Mayor Rhorer called for the vote. Alderman Klippel-aye, Alderman Bronson-aye, Alderman Campbell-aye, Alderman Lewis-aye, Alderman Fasciotti-aye, Alderman Clay-aye. Motion carried.

Mayor Rhorer reported he received a request from the Southern Boone County Chamber of Commerce to have alcohol in the city park for the Chamber Football Tailgate Event on September 30, 2016. Alderman Klippel made motion and seconded by Alderman Lewis to grant permission for this event. Mayor Rhorer called for the vote. Alderman Klippel-aye, Alderman Bronson-aye, Alderman Campbell-aye, Alderman Clay-aye, Alderman Fasciotti-aye, Alderman Lewis-aye. Motion carried.

Mayor's Report:
Mayor Rhorer stated the City of Columbia has removed the City of Ashland representative from the Airport Advisory Board. He stated he found this information out when a reporter called him this morning. He stated he did not receive any official notice from the City of Columbia prior to this.

Mayor Rhorer stated that he felt the Ash Street sidewalk project will be a great product once completed and an asset to the Community.

City Administrator's/Police Chief Report:
Lyn Woolford reported that Capital Paving has started the street overlay project this week. He gave an overview of the sales tax receipts for the month.

Chief Woolford gave an overview of the incident reports and traffic tickets for the month. He stated the additional signage on Main Street has had an impact on the speeding problems.

Lyn Woolford gave an overview of the list from the MML on new laws that effect our City.

Lyn Woolford passed around a thank you note from the Carl Long family.

Lyn Woolford reported one of the police officers assisted on a fire call on Ash Street where the resident did not want to leave without his pets. The officer assisted to getting the gentlemen to safety.

Lyn Woolford reported as part of revitalizing downtown that he plans for replacement/repair of the street signage in the next year budget from Highway 63 to Main Street.

Alderman Campbell asked the status of the repair of the eastside round-a-bout? Lyn Woolford stated he does not have an update on this but would check with MoDot.

Lyn Woolford reported we have submitted three pay requests starting in August in the amount of $198,000.00 for reimbursement on the Ash Street project to MoDot and have not received payment yet.

He reported they received comment from the person in the financial department that they are busy with the budget and covering for other people and they did not have time to process the pay requests.

City Attorney's Report:
Fred Boeckmann had no report.

Board of Aldermen's Report:
Alderman Klippel reported that Capital Paving is placing the fill/debris on Sentinel Lumber property and encouraged caution when driving in this area.

Alderman Bronson gave an update on the Park Board meeting on September 12, 2016. He stated they discussed preparing for the solar eclipse for next year and hosting an event in the park. He stated they are going to wait until January to discuss Lemonade Daze. He stated they discussed the budget review for the Lemonade Daze at the meeting. Alderman Bronson stated they will be working with the Chamber on the Tree Lighting event in December. The baby swings at the park have been removed due to safety issues. He stated they will be looking for grants for play equipment. The tennis nets will be replaced in next budget year. He stated they discussed the Flag Committee and the flag program. He encouraged the Board to participate in the walking school bus program.

Alderman Campbell reported he called Stacy Button at REDI on eliminating the Ashland position on Airport Advisory Committee. He stated he expressed to her we had 1000 acres west and southwest of the airport and would like to have a representative remain on the committee. He stated he has contacted Commission Atwill as well on the same situation. Mayor Rhorer stated that Alderman Campbell adjoins this property and would be good representation for Ashland. He reported that communication is imperative since we have development in this area. Lyn Woolford reported that Randy Eckley currently serves as the city representative. Alderman Fasciotti asked to be considered for this if they allow us to participate.

Alderman Clay reported he received a complaint on the tennis nets as well. He also reported he was going to recommend to the Planning and Zoning Commission to require 25% masonry on the front of new homes. Mayor Rhorer was not in favor of this.

Alderman Klippel made motion and seconded by Alderman Bronson to go into closed session pursuant to Chapter 610.021 (12) to discuss negotiated contracts; 610.021 (3) to discuss personnel; and 610.021. (1) litigation. Mayor Rhorer called for the vote. Alderman Klippel-aye, Alderman Bronson-aye, Alderman Campbell-aye, Alderman Clay-aye, Alderman Fasciotti-aye, Alderman Lewis-aye. Motion carried.

Mayor Rhorer reported we are in open session with no reportable action taken in the closed meeting.

Lyn Woolford, City Administrator reported that he has received a request from Mo. Network Utility Transport, LLC to install a monopole on East Johnson and Maple Street in the utility easement. The Board discussed this and was agreeable to hear a proposal from Mo. Network Utility Transport, LLC.

Alderman Bronson made motion and seconded by Alderman Klippel to adjourn the meeting. Mayor Rhorer called for the vote. Alderman Klippel-aye, Alderman Bronson-aye, Alderman Campbell-aye, Alderman Clay-aye, Alderman Fasciotti-aye, Alderman Lewis-aye. Motion carried.

Darla Sapp, City Clerk

Gene Rhorer, Mayor

MO Network Utility
Transport, LLC
120 S. Riverside Plaza, Suite 1800
Chicago, IL 60606

TO: Chief Lyn Woolford
City Administrator
109 East Broadway, P.O. Box 135
Ashland, MO 65010
(573) 657-2091
Email: policechief@ashlandmo.us

FROM: Michelle Villanueva
NRE Specialist

DATE: August 31, 2016

SUBJECT: MO Network Utility Transport, LLC's Permit Application Submission (9MOX000332/ ST90XC017A)

Dear Chief Lyn Woolford:

Please find enclosed MO Network Utility Transport, LLC's ("MONUT") Right of Way Utilization Application (the "application") for its proposed new utility infrastructure facilities in the City of Ashland, MO (the "City"). Along with the attached application, please also find a copy of the construction drawings for the proposed site.

MONUT is a limited liability company that is certificated by the Missouri Corporation Commission. The enclosed application is for the installation of facilities that will address ever-increasing mobile data demands because they provide coverage redundancy to the cellular network. The greatest demand for mobile data currently exists in the public rights-of-way. These facilities are low-powered, compact, and consist of no ground equipment so that they can be safely and conveniently located in such dense and congested areas and provide the capacity to your residents' devices and applications.

I understand that the city requires an agreement for the installation of poles in the right-of-way, as well as approval by the Board of Alderman. I have made our company's agreements team aware of the requirement and they should be reaching out to you shortly. MONUT would like to submit these preliminary applications in order to get feedback from the city on the proposed location and to inquire about what else is required of MONUT to move forward with permitting once the agreement has been completed.

We are excited to work with the city and available to answer questions. If you have questions, please contact me at (312) 638-5304 or at michelle.villanueva@ITBUtility.com.

Thank you for your attention to this matter.

Respectfully submitted,

Michelle Villanueva

Michelle Villanueva
Network Real Estate Specialist
(312) 638-5304
Michelle.villanueva@ITBUtility.com

COUNCIL BILL NO. 2016-046 ORDINANCE NO. 1091

AN ORDINANCE TO CHANGE THE ZONING OF TWO PARCELS OF LAND FROM (I-L) LIGHT INDUSTRIAL TO (G-C) GENERAL COMMERICAL FOR JAMES E. GUTHRIE TRUST NO. 1

WHEREAS, Public Notice of such was given as prescribed by Missouri State Statute 89.040, and a public hearing was held on Tuesday, September 13, 2016; and

WHEREAS, the Planning and Zoning Commission has reviewed the pertinent information and received comment from adjacent residents and recommend to the Board of Aldermen to approve the rezoning from (I-L) Light Industrial to (G-C) General Commercial; and

WHEREAS, the Board of Aldermen of the City of Ashland, Missouri has reviewed the request as submitted and has elected to rezone the property described in Section 1 from (I-L) Light Industrial to (G-C) General Commercial; and

THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF ASHLAND, MISSOURI AS FOLLOWS:

Section 1. The zoning is hereby amended from the present (I-L) Light Industrial to (G-C) General Commercial for the following described property:

Parcel No. 24-200-00-00-001.00 01-North Henry Clay Blvd.-5.31 acres
Parcel No. 24-200-00-02-002.00 01-North Henry Clay Blvd. 2.41 acres -Galaxy SD Plat 3 Lot 1B-1

Section 2. The City hereby finds and declares that the property described in Section 1 hereof is at the present particularly suitable for the purposes and uses of (G-C) General Commercial and in conformity with the existing uses and value of the immediately surrounding properties.

Section 3. This ordinance shall be in full force and effect from and after its passage.

Dated this _____day of _____, 2016.

_____
Gene Rhorer, Mayor

Attest:

_____
Darla Sapp, City Clerk

Certified to correct form:

_____
Fred Boeckmann, City Attorney

Resolution 10-04-2016

A RESOLUTION AUTHORIZING THE EMERGENCY REPAIR/REPLACEMENT OF A WELL PUMP MOTOR

Whereas, the Mayor and City Administrator recognizes that due to a mechanical failure of the water pump for the well that an emergency quote to pull and repair well pump motor was needed; and

Whereas, the Mayor authorized said emergency expenditure on September 23, 2016 due to the failed water pump for the well. This would create a hardship on the normal operation of the City and necessitates immediate action.

Now therefore be it resolved by the Board of Aldermen of the City of Ashland declares the emergency due to the mechanical failure of the water pump for the well and would impact the operations of the water system and authorizes the repair/replacement of the water pump as set out in Exhibit "A" with the funds to be paid from account code 30-30-5816 capital expenditures.

Adopted this _____day of _____, 2016.

_____
Gene Rhorer, Mayor

Attest:

_____
Darla Sapp, City Clerk

Flynn Drilling Company, Inc.

1340 Boone Street **Phone 636.528.6137**
Troy, Missouri 63379 **Fax 636.528.6156**

September 21, 2016

Water Department
Ashland, Missouri

RE: Quote to pull and repair well pump motor

Dear Curtis:

Thanks for the opportunity to provide the City with this quote. Inspection of the system showed that the soft start fault (SCR failure) is actually caused by a grounded motor in the well. I isolated the well pump cable from the starter circuit and the problem is down hole. With the age of this equipment and the fact that the piping was completely replaced just a few years ago, I anticipate that all that would be needed is the motor. But until the pump is pulled and inspected, I cannot be sure of the extent of the repairs needed. I will list the major components best I can with the information I have. I do not have the pump model so I cannot quote the pump at this time. If the pump needed replaced, we could have one as quickly as we can get the motor so that is not a problem, I'm just not sure what model is in there at this time to quote it accurately.

Proposal for Well Treatment, City of Ashland
These are the items definitely needed for the motor repair.

Pull, inspect, and re-install, labor complete	$5800.00
75hp Grundfos motor	$10,250.00
Setting materials, airline, banding, chlorination, mics.	$700.00
Cost of the repair if only the motor is needed-	**$16,750.00**

Following are items in the well that most likely do not need replaced, but could be found to be damaged upon inspection.

Pump if needed, I do not have model number	estimated price	$8500.00
6" galv. Pipe, if needed	per 21 foot joint	$750.00
6x12 stainless nipples, if needed for pump discharge or check valves		$240.00 each
6" stainless check valve if needed		$1750.00
2/0 cable if needed	per foot	$11.55/foot

Thank you for the opportunity to quote this work to you, I appreciate the opportunity.
Sincerely,

Gary DeWitt, Project Engineer
Flynn Drilling Company, Inc.
314.280.7892

D|A|DAVIDSON
FIXED INCOME CAPITAL MARKETS

September 27, 2016

Hon. Gene Rhorer, Mayor
City of Ashland, Missouri
City Hall – 109 E. Broadway
P.O. Box 135
Ashland, Missouri 65010

Re: Disclosures by D.A. Davidson & Co. as Underwriter/ Senior Managing
Pursuant to MSRB Rule G17
Wastewater System Improvement Project
(Wastewater Treatment System Expansion, Improvement & Upgrades)
Series 2017

- **Non-binding**
- **Cancelable at any time by either party**
- **Non-exclusive**

Dear Mayor Rhorer:

We are writing to provide you for City of Ashland, Missouri ("Issuer"), with certain disclosures relating to the captioned bond issue ("Bonds"), as required by the Municipal Securities Rulemaking Board (MSRB) Rule G-17 and Rule G-23, as set forth in MSRB Notice 2012-25 (May 7, 2012).

The Issuer has engaged Davidson & Co. (hereinafter referred to as "Davidson" or "Private Placement Agent") to serve as a Private Placement Agent, and not as a financial advisor or municipal advisor, in connection with the issuance of the Bonds.

Disclosures Concerning the Placement Agent's Role:

(i) Under the MSRB G-17 rule, Davidson's advice under this engagement as to the structure, timing, terms and other matters concerning the issuance of the Bond is provided in its capacity as placement agent and not as financial advisor to the Issuer.

(ii) Davidson will not be required to purchase the Bond or to underwrite or otherwise find one or more buyers of the Bond.

(iii) MSRB Rule G-17 states that although Davidson has financial and other interests that differ from those of the Issuer, Davidson shall comply with the requirements to deal fairly with all persons and not engage in any deceptive, dishonest, or unfair practice

(iv) Under the MSRB Rule G-23, Davidson will be providing such advisory services in its capacity as placement agent and not as a financial advisor to the Issuer.

(v) As placement agent, Davidson's primary role is to arrange for the placement of the Securities in an arm's length commercial transaction between the Issuer and Purchaser.

Disclosures Concerning the Private Placement Agent's Compensation:

As Private Placement Agent, Davidson will be compensated by a fee and/or a discount that will be set forth in the purchase agreement to be negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the Private Placement Agent fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the placement agent may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

Additional Conflicts Disclosure:

Davidson has not identified any additional potential or actual material conflicts that require disclosure.

Since Davidson has not recommended a "complex municipal securities financing" to the Issuer, additional disclosures regarding the financing structure for the Bonds are not required under MSRB Rule G-17. However, and in accordance with the requirements of MSRB Rule G-17, if Davidson recommends a "complex municipal securities financing" to the Issuer, this letter will be supplemented to provide disclosure of the material financial characteristics of that financing structure as well as the material financial risks of the financing that are known to us and reasonably foreseeable at the time.

If you or any other Issuer officials have any questions or concerns about these disclosures, please make those questions or concerns known immediately to the undersigned. In addition, you should consult with the Issuer's own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.

It is our understanding that you have the authority to acknowledge receipt by the Issuer of this disclosure letter with us, and that you are not a party to any conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately.

We are required to seek your acknowledgement that you have received this letter. Accordingly, please sign and return the enclosed copy of this letter to me either via email or to the address set forth above. Depending on the structure of the transaction that the Issuer decides to pursue, or if additional potential or actual material conflicts are identified, we may be required to send you additional disclosures regarding the material financial characteristics and risks of such transaction and/or describing those conflicts. At that time, we also will seek your acknowledgement of receipt of any such additional disclosures.

We look forward to working with you and the Issuer in connection with the issuance of the Bonds. Thank you.

Sincerely,

D. A. DAVIDSON & CO.

By: _____
Steve Goehl, Senior Vice President

Acknowledgement of receipt:

CITYOF ASHLAND, MISSOURI

Date: _____

By: _____
Gene Rhorer, Mayor

Risk Disclosures Pursuant to MSRB Rule G-17 - Bonds

The following is a general description of the financial characteristics and security structures of fixed rate municipal bonds ("Bonds"), as well as a general description of certain financial risks that you should consider before deciding whether to issue Bonds.

As the issuer of the Bonds, you will be a party to the bond purchase agreement and certain other legal documents to be entered into in connection with the issuance of the Bonds, as set forth in those legal documents.

Financial Characteristics

Maturity and Interest. Bonds are interest-bearing debt securities issued by state and local governments, political subdivisions and agencies and authorities. Maturity dates for bonds are fixed at the time of issuance and may include serial maturities (specified principal amounts are payable on the same date in each year until final maturity) or one or more term maturities (specified principal amounts are payable on each term maturity date) or a combination of serial and term maturities. The final maturity date typically will range between 10 and 30 years from the date of issuance. Interest on the bonds typically is paid semiannually at a stated fixed rate or rates for each maturity date.

Redemption. Bonds may be subject to optional redemption, which allows you, at your option, to redeem some or all of the bonds on a date prior to scheduled maturity, such as in connection with the issuance of refunding bonds to take advantage of lower interest rates.

Bonds will be subject to optional redemption only after the passage of a specified period of time, often approximately ten years from the date of issuance, and upon payment of the redemption price set forth in the bonds, which may include a redemption premium. You will be required to send out a notice of optional redemption to the holders of the bonds, usually not less than 30 days prior to the redemption date. Bonds with term maturity dates also may be subject to mandatory sinking fund redemption, which requires you to redeem specified principal amounts of the bonds annually in advance of the term maturity date. The mandatory sinking fund redemption price is 100% of the principal amount of the bonds to be redeemed.

Security

Payment of principal of and interest on a municipal security, including bonds, may be backed by various types of pledges and forms of security, some of which are described below.

General Obligation Bonds. "General obligation bonds" are debt securities to which your full faith and credit is pledged to pay principal and interest. If you have taxing power, generally you will pledge to use your ad valorem (property) taxing power to pay principal and interest. Ad valorem taxes necessary to pay debt service on general obligation bonds may not be subject to state constitutional property tax millage limits (an unlimited tax general obligation bond). The term "limited" tax is used when such limits exist.

General obligation bonds constitute a debt and, depending on applicable state law, may require that you obtain approval by voters prior to issuance. In the event of default in required payments of interest or principal, the holders of general obligation bonds have certain rights under state law to compel you to impose a tax levy.

Revenue Bonds. "Revenue bonds" are debt securities that are payable only from a specific source or sources of revenues. Revenue bonds are not a pledge of your full faith and credit and you are obligated to pay principal and interest on your revenue bonds only from the revenue source(s) specifically pledged to the bonds. Revenue bonds do not permit the bondholders to compel you to impose a tax levy for payment of debt service. Pledged revenues may be derived from operation of the financed project or system, grants or excise or other specified taxes. Generally, subject to state law or local charter requirements, you are not required to obtain voter approval prior to issuance of revenue bonds. If the specified source(s) of revenue become inadequate, a default in payment of principal or interest may occur. Various types of pledges of revenue may be used to secure interest and principal payments on revenue bonds. The nature of these pledges may differ widely based on state law, the type of issuer, the type of revenue stream and other factors.

The description above regarding "Security" is only a brief summary of certain possible security provisions for the bonds and is not intended as legal advice. You should consult with your bond counsel for further information regarding the security for the bonds.

Financial Risk Considerations

Certain risks may arise in connection with your issuance of bonds, including some or all of the following:

Issuer Default Risk. You may be in default if the funds pledged to secure your bonds are not sufficient to pay debt service on the bonds when due. The consequences of a default may be serious for you and, depending on applicable state law and the terms of the authorizing documents, the holders of the bonds, the trustee and any credit support provider may be able to exercise a range of available remedies against you. For example, if the bonds are secured by a general obligation pledge, you may be ordered by a court to raise taxes. Other budgetary adjustments also may be necessary to enable you to provide sufficient funds to pay debt service on the bonds. If the bonds are revenue bonds, you may be required to take steps to increase the available revenues that are pledged as security for the bonds. A default may negatively impact your credit ratings and may effectively limit your ability to publicly offer bonds or other securities at market interest rate levels. Further, if you are unable to provide sufficient funds to remedy the default, subject to applicable state law and the terms of the authorizing documents, you may find it necessary to consider available alternatives under state law, including (for some issuers) state-mandated receivership or bankruptcy. A default also may occur if you are unable to comply with covenants or other provisions agreed to in connection with the issuance of the bonds.

This description is only a brief summary of issues relating to defaults and is not intended as legal advice. You should consult with your special counsel for further information regarding defaults and remedies.

Redemption Risk. Your ability to redeem the bonds prior to maturity may be limited, depending on the terms of any optional redemption provisions. In the event that interest rates decline, you may be unable to take advantage of the lower interest rates to reduce debt service.

Refinancing Risk. If your financing plan contemplates refinancing some or all of the bonds at maturity (for example, if you have term maturities or if you choose a shorter final maturity than might otherwise be permitted under the applicable federal tax rules), market conditions or changes in law may limit or prevent you from refinancing those bonds when required. Further, limitations in the federal tax rules on advance refunding of bonds (an advance refunding of bonds occurs when tax-exempt bonds are refunded more than 90 days prior to the date on which those bonds may be retired) may restrict your ability to refund the bonds to take advantage of lower interest rates.

Reinvestment Risk. You may have proceeds of the bonds to invest prior to the time that you are able to spend those proceeds for the authorized purpose. Depending on market conditions, you may not be able to invest those proceeds at or near the rate of interest that you are paying on the bonds, which is referred to as "negative arbitrage".

Tax Compliance Risk. The issuance of tax-exempt bonds is subject to a number of requirements under the United States Internal Revenue Code, as enforced by the Internal Revenue Service (IRS). You must take certain steps and make certain representations prior to the issuance of tax-exempt bonds. You also must covenant to take certain additional actions after issuance of the tax-exempt bonds. A breach of your representations or your failure to comply with certain tax-related covenants may cause the interest on the bonds to become taxable retroactively to the date of issuance of the bonds, which may result in an increase in the interest rate that you pay on the bonds or the mandatory redemption of the bonds. The IRS also may audit you or your bonds, in some cases on a random basis and in other cases targeted to specific types of bonds issues or tax concerns. If the bonds are declared taxable, or if you are subject to audit, the market price of your bonds may be adversely affected. Further, your ability to issue other tax-exempt bonds also may be limited.

This description of tax compliance risks is not intended as legal advice and you should consult with your special counsel regarding tax implications of issuing the bonds.