**SUPPLEMENT
TO OFFICIAL STATEMENT DATED JUNE 14, 2012
RELATING TO
$31,395,000
The City of St. Louis, Missouri
Airport Revenue Refunding Bonds Series 2012 (AMT)
(Lambert-St. Louis International Airport)**

The information relating to the Redemption provisions of the Series 2012 Bonds, beginning on page 5 of the final Official Statement is incorrect and is hereby amended to read as follows:

Redemption

The Series 2012 Refunding Bonds maturing on or after July 1, 2023 are subject to the right of the City to redeem such Series 2012 Refunding Bonds on and after July 1, 2022 at par prior to maturity from any source, in whole or in part at any time, of such maturity as shall be selected by the City (and within a maturity as selected by the Trustee in such equitable manner as it shall determine), at the Redemption Price of the Series 2012 Refunding Bonds to be redeemed. See **APPENDIX C – "Summary of Certain Provisions of the Indenture."**

The Series 2012 Refunding Bonds maturing on July 1, 2032 are subject to mandatory redemption prior to maturity on July 1, 2030 in the amount of $1,760,000, and on July 1, 2031 in the amount of $1,850,000, both at par, plus accrued interest to the date of redemption.

This supplement should be read in conjunction with the Official Statement. Terms used in this Supplement have the meaning set forth in the Official Statement.

The date of this Supplement is June 29, 2012

REFUNDING ISSUE - BOOK-ENTRY-ONLY **RATINGS: See "RATINGS" herein.**

In the opinion of Co-Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Series 2012 Refunding Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the "Code"), however, no opinion is expressed as to the status of interest on any Series 2012Refunding Bond for any period that such Series 2012 Refunding Bond is held by a "substantial user" of the facilities financed or refinanced by the Series 2012 Refunding Bonds or by a "related person" within the meaning of Section 147(a) of the Code. Interest on the Series 2012 Refunding Bonds is treated as an item of preference for purposes of calculating the federal alternative minimum tax that may be imposed under the Code with respect to individuals and corporations. Co-Bond Counsel are also of the opinion that interest on the Series 2012 Refunding Bonds is excluded from Missouri taxable income for the purposes of the personal income tax and corporate income tax imposed by the State of Missouri. See "TAX MATTERS" herein.

$ 31,395,000
THE CITY OF ST. LOUIS, MISSOURI
Airport Revenue Refunding Bonds, Series 2012 (AMT)
(Lambert-St. Louis International Airport)

Dated: Date of Delivery **Due: July 1, as shown on the inside cover**

The City of St. Louis, Missouri (the "City") expects to issue its Airport Revenue Refunding Bonds, Series 2012 (AMT) (Lambert-St. Louis International Airport) (the "Series 2012 Refunding Bonds") under and pursuant to the Indenture of Trust dated as of October 15, 1984 (the "Original Indenture"), which Original Indenture, as previously amended, supplemented and restated, was amended, restated and superseded by that certain Amended and Restated Indenture of Trust dated as of July 1, 2009 (the "Restated Indenture"), and as amended and supplemented by the Eighteenth Supplemental Indenture of Trust dated as of June 1, 2012 (collectively, the "Indenture"), between the City and UMB Bank, N.A., as Trustee (the "Trustee").

The Series 2012 Refunding Bonds are limited obligations of the City, payable solely from Revenues, as defined herein, to be derived by the City from the operation of Lambert-St. Louis International Airport (the "Airport") and certain other funds pledged under the Indenture. The Series 2012 Refunding Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitation or provision, and the taxing power of the City is not pledged to the payment of the Series 2012 Refunding Bonds, either as to principal, premium (if any) or interest. The Series 2012 Refunding Bonds will be secured on a parity basis with the City's Outstanding Bonds, as defined herein, and any additional bonds issued under the Indenture (the "Bonds") as more fully described herein.

The proceeds of the Series 2012 Refunding Bonds, together with other available funds, will be used: (i) to refund certain prior Bonds issued under the Indenture (as more fully described herein), (ii) to pay costs of issuing the Series 2012 Refunding Bonds, and (iii) to fund a portion of the Debt Service Reserve Sub-Account for the Series 2012 Refunding Bonds.

Interest on the Series 2012 Refunding Bonds is payable on January 1 and July 1 of each year, commencing January 1, 2013, until maturity. The Series 2012 Refunding Bonds are initially issuable only to Cede & Co., the nominee of The Depository Trust Company ("DTC"), pursuant to the book-entry-only system described herein. Beneficial ownership may be acquired in denominations of $5,000 or any integral multiples thereof. No physical delivery of the Series 2012 Refunding Bonds will be made to the purchasers. See "THE SERIES 2012 REFUNDING BONDS - Book-Entry Only System."

The Series 2012 Refunding Bonds are subject to optional redemption in whole or in part prior to maturity at par.

See the inside cover page for maturities, principal amounts, interest rates and yields.

The Series 2012 Refunding Bonds are offered when, as and if issued by the City and received by the Underwriters (as defined herein) and subject to prior sale, withdrawal or modification of the offer without notice and the approval of legality of the Series 2012 Refunding Bonds by The Stolar Partnership LLP, St. Louis, Missouri, and White Coleman & Associates, LLC, Co-Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by the office of the City Counselor and by SNR Denton US LLP, Disclosure Counsel, and for the Underwriters by Polsinelli Shughart, P.C., St. Louis, Missouri, Underwriters' Counsel. It is expected that the Series 2012 Refunding Bonds in book-entry-only form will be available for delivery through the facilities of DTC in New York, New York, on or about June 28, 2012.

Wells Fargo Securities

Loop Capital Markets **The Williams Capital Group, L.P.**

This cover page contains certain information for quick reference only. It is not a summary of this Official Statement. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision, including, but not limited to, matters described in "CERTAIN INVESTMENT CONSIDERATIONS."

The date of this Official Statement is June 14, 2012.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES AND YIELDS

SERIES 2012 REFUNDING BONDS

Serial Bonds

Payment Date July 1		Principal	Interest Rate	Price	Yield	CUSIP†
2013	$	2,020,000	3.000%	101.596	1.400%	791638ZV4
2014	$	2,100,000	4.000%	104.380	1.770%	791638ZW2
2015	$	2,180,000	5.000%	108.594	2.040%	791638ZX0
2016	$	925,000	5.000%	110.201	2.320%	791638ZY8
2017	$	990,000	5.000%	111.400	2.560%	791638ZZ5
2018	$	1,040,000	5.000%	111.561	2.890%	791638A25
2019	$	1,090,000	3.000%	98.876	3.180%	791638A33
2020	$	1,130,000	3.250%	98.748	3.430%	791638A41
2021	$	1,165,000	5.000%	110.284	3.650%	791638A58
2022	$	1,220,000	5.000%	110.526	3.730%	791638A66
2023	$	1,280,000	5.000%	109.215*	3.880%	791638A74
2024	$	1,345,000	5.000%	107.923*	1.770%	791638A82
2025	$	1,415,000	4.000%	97.814	4.220%	791638A90
2026	$	1,465,000	5.000%	105.978*	4.260%	791638B24
2027	$	1,545,000	4.250%	97.934	4.440%	791638B32
2028	$	1,610,000	5.000%	104.649*	4.420%	791638B40
2029	$	1,690,000	4.250%	96.015	4.590%	791638B57
	$	24,210,000				

Term Bonds

Payment Date July 1		Principal	Interest Rate	Price	Yield	CUSIP†
2032	$	7,185,000	5.000%	103.179*	4.600%	791638B65

*Price to call date of July 1, 2022.

THE CITY OF ST. LOUIS
ELECTED OFFICIALS

Francis G. Slay, Mayor
Darlene Green, Comptroller
Lewis Reed, President of the Board of Aldermen
Larry C. Williams, Treasurer

BOARD OF ALDERMEN

Charles Quincy Troupe - Ward 1
Dionne Flowers - Ward 2
Freeman M. Bosley, Sr.-Ward 3
Samuel L. Moore - Ward 4
Tammika Hubbard - Ward 5
Kacie Starr Triplett - Ward 6
Phyllis Young - Ward 7
Stephen J. Conway - Ward 8
Kenneth Ortmann - Ward 9
Joseph Vollmer - Ward 10
Thomas A. Villa - Ward 11
Larry Arnowitz - Ward 12
Fred Wessels - Ward 13
Carol Howard - Ward 14
Jennifer Florida - Ward 15
Donna Baringer - Ward 16
Joseph D. Roddy -Ward 17
Terry Kennedy - Ward 18
Marlene Davis - Ward 19
Craig N. Schmid - Ward 20
Antonio D. French - Ward 21
Jeffrey L. Boyd - Ward 22
Joseph A. Vaccaro - Ward 23
Scott Ogilvie - Ward 24
Shane Cohn - Ward 25
Frank Williamson - Ward 26
Gregory J. Carter - Ward 27
Lyda Krewson - Ward 28

OTHER CITY OFFICIALS

Ivy Neyland-Pinkston, Deputy Comptroller for Finance and Development
Susan Kopinski, Airport Deputy Director – Finance and Administration
Henrietta Brown, Airport Assistant Director – Finance and Accounting
Candice Gordon, Accounting Executive
Patricia A. Hageman, City Counselor
Joseph R. Niemann, Airport Counsel

CITY AIRPORT COMMISSION

Rhonda Hamm-Niebruegge, Director and Chairperson

John Bales
Robert G. Clark
William J. Esterline
Darlene Green
Terry Kennedy
Benjamin A. Lipman
Lewis L. McKinney, Jr.
Robert C. McNutt
Anisha Morrell-Charles
Thomas R. Nash
Kathleen Osborn
Lewis Reed
Richard A. Sauget
John A. Sonderegger
John Stelzer
Marilyn Teitelbaum

BOARD OF ESTIMATE AND APPORTIONMENT

Francis G. Slay, Mayor
Darlene Green, Comptroller
Lewis Reed, President of the Board of Aldermen

CO-FINANCIAL ADVISORS

Siebert Brandford Shank & Co., L.L.C.
Detroit, Michigan

Public Finance Advisors LLC
Olympia Fields, Illinois

TREASURER'S ADVISOR

Columbia Capital Management LLC
Overland Park, Kansas

AIRPORT CONSULTANT

Unison Consulting, Inc.
Chicago, Illinois

This Official Statement is provided in connection with the initial offering and sale of the Series 2012 Refunding Bonds referred to herein, and may not be reproduced or used, in whole or in part, for any other purpose. The information contained in this Official Statement has been derived from information provided by the City, the Airport (each as hereinafter defined) and other sources which are believed to be reliable. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

No dealer, broker, salesman or other person has been authorized by the City, the Airport or the Underwriters to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2012 Refunding Bonds, by any person in any state in which it is unlawful for such person to make such offer, solicitation or sale.

The information and expressions of opinion herein speak as of their date unless otherwise noted and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the City or the Airport since the date hereof (or since the date of any information included herein that is dated other than the date hereof).

The Series 2012 Refunding Bonds have not been registered with the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon the exemption contained in Section 3(a)(2) of such act. The Indenture has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon an exemption contained in such act. The registration or qualification of the Series 2012 Refunding Bonds in accordance with applicable provisions of securities laws of any states in which the Series 2012 Refunding Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither these states nor any of their agencies have passed upon the merits of the Series 2012 Refunding Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2012 REFUNDING BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included in or incorporated by reference in this Official Statement that are not purely historical are "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the Securities Act and reflect the City's current expectations, hopes, intentions, or strategies regarding the future. Such statements may be identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "intend" or other similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Included in such risks and uncertainties are (i) those relating to the possible invalidity of the underlying assumptions and estimates, (ii) possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances, and (iii) conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately. For these reasons, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Undue reliance should not be placed on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur or fail to occur, other than as indicated under the caption "Continuing Disclosure."

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OFFICIAL STATEMENT
Relating to
$31,395,000
The City of St. Louis, Missouri
Airport Revenue Refunding Bonds Series 2012 (AMT)
(Lambert-St. Louis International Airport)

INTRODUCTION

This introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to the more complete and detailed information contained in the entire Official Statement, including the appendices (collectively, the "Official Statement") and the documents summarized or described herein. Unless otherwise defined herein, certain capitalized words and terms used in this Official Statement have the meanings given to them in **APPENDIX C - "Summary of Certain Provisions of the Indenture**."

This Official Statement is furnished in connection with the offering by The City of St. Louis, Missouri (the "City") of its $31,395,000, aggregate principal amount of Airport Revenue Refunding Bonds, Series 2012 (AMT) (Lambert-St. Louis International Airport) (the "Series 2012 Refunding Bonds"). **Investors must read the entire Official Statement, including the appendices, to obtain information essential to making an informed investment decision.**

Authority for Issuance

The Series 2012 Refunding Bonds are issued under authority of the constitution and laws of the State of Missouri, including Article VI, Section 27(a) and Section 28 of the Missouri Constitution, as amended, and Section 108.140 of the Revised Statutes of Missouri, as amended, and Ordinance No. 69,162, adopted by the Board of Aldermen of the City on May 24, 2012, 2012, and signed by the Mayor of the City on May 25, 2012, 2012 (which approved the issuance of the Series 2012 Refunding Bonds). The Series 2012 Refunding Bonds are issued pursuant to an Indenture of Trust dated as of October 15, 1984 (the "Original Indenture") providing for the issuance from time to time of series of airport revenue bonds of the City, which Original Indenture, as previously amended, supplemented and restated, was amended, restated and superseded by that certain Amended and Restated Indenture of Trust dated as of July 1, 2009 (the "Restated Indenture") (the Original Indenture, as amended and restated by the Restated Indenture, as amended, and including as amended and supplemented by the Eighteenth Supplemental Indenture of Trust dated as of June 1, 2012, is referred to herein as the "Indenture") between the City and UMB Bank, N.A., as Trustee (the "Trustee"). The Indenture authorizes the issuance of bonds subject to the requirements specified in the Indenture and summarized under the section captioned **"THE SERIES 2012 REFUNDING BONDS — Additional Bonds and Refunding Bonds"** below. For a summary of the Indenture, see **APPENDIX C — "Summary of Certain Provisions of the Indenture."**

Pursuant to voter authorization on November 5, 1991 and April 8, 2003 (collectively, the "Voter Approval"), the City is authorized to issue up to $3.5 billion of bonds to finance capital projects at the Airport. To date, approximately $1.084 billion of Bonds have been issued pursuant to the Voter Approval, which leaves approximately $2.42 billion of authorized but unissued Bonds approved for Airport purposes. Under state law and the City Charter, Refunding Bonds do not require Voter Approval. The Series 2012 Refunding Bonds will be subject to the refunding bonds test described in the Indenture and summarized herein. See **"APPENDIX C — Summary of Certain Provisions of the Indenture — Refunding Bonds."**

Parity Obligations

The Series 2012 Refunding Bonds will be issued on a parity with the Outstanding Bonds, defined herein, which are currently outstanding in the aggregate principal amount of $32,510,000 and will be payable solely from Revenues derived from the operations of the Airport and certain other funds pledged under the Indenture. Such outstanding bonds, together with the Series 2012 Refunding Bonds and any Additional Bonds and Refunding Bonds hereafter issued and outstanding, are referred to herein as the "Outstanding Bonds." See **"THE SERIES 2012 REFUNDING BONDS - Security and Sources of Payment — Outstanding Bonds," "— Additional Bonds" and "— Refunding Bonds."**

The City and the Airport

The City is a constitutional charter city and political subdivision of the State of Missouri. The Lambert-St. Louis International Airport (the "Airport") is owned by the City and operated by the Airport Authority of the City (the "Airport Authority"). The Airport Authority was created by ordinance of the Board of Aldermen of the City and consists of the City Airport Commission (the "Commission"), the Airport's Chief Executive Officer (the "Director of Airports") and other managers and personnel required to operate the Airport. The Commission is responsible for the planning, development, management and operation of the Airport. **See "AIRPORT MANAGEMENT - Introduction."**

Use of Proceeds

The proceeds of the Series 2012 Refunding Bonds, together with other available funds, will be used: (i) to refund certain prior Bonds issued under the Indenture (as more fully described herein), (ii) to pay costs of issuing the Series 2012 Refunding Bonds, and (iii) to fund a portion of the Debt Service Reserve Sub-Account for the Series 2012 Refunding Bonds. See **"THE SERIES 2012 REFUNDING BONDS — Security and Sources of Payment — Debt Service Stabilization Fund."**

The prior Bonds to be refunded consist of all of (i) the City of St. Louis Airport Revenue Bonds, Series 2002B (AMT) (Capital Improvement Program), dated December 19, 2002 (the "Series 2002B Bonds") and (ii) the City of St. Louis Airport Revenue Refunding Bonds, Series 2002C (AMT), dated as of December 19, 2002 (the "Series 2002C Bonds"). The Series 2002B and the Series 2002C Bonds being refunded with the proceeds of the Series 2012 Refunding Bonds are referred to herein collectively as the "Refunded Bonds."

For further information regarding the use of proceeds of the Series 2012 Refunding Bonds and the plan of finance, see **"PLAN OF FINANCE."**

Security and Sources of Payment

The Series 2012 Refunding Bonds are limited obligations of the City payable on a parity with the Outstanding Bonds from the Revenues derived solely from the operation of the Airport and certain other funds pledged under the Indenture, subject to the application thereof in accordance with the Indenture, including the Debt Service Stabilization Fund and the Debt Service Reserve Account, all as more fully described in **"THE SERIES 2012 REFUNDING BONDS - Security and Sources of Payment."** The principal sources of Revenues are the rates and charges generated under agreements between the City and the airlines serving the Airport and payments under concession contracts at the Airport. See **"CERTAIN AGREEMENTS FOR USE OF THE AIRPORT'S FACILITIES."**

The Series 2012 Refunding Bonds do not constitute indebtedness of the City within the meaning of any constitutional or statutory limitation or provision, and the taxing power of the City is not pledged to the payment of the Series 2012 Refunding Bonds, either as to principal or interest.

The Series 2012 Refunding Bonds will be issued on parity with the Outstanding Bonds. In addition, the City may issue from time to time subordinate debt, including subordinate commercial paper notes, which are currently authorized in a maximum principal amount outstanding at any time not to exceed $125,000,000. Currently there is no subordinate debt outstanding. The City may issue subordinate commercial paper notes or other subordinated debt in the future, but the City has no current plans to issue any such notes or other subordinated debt. See **"THE SERIES 2012 REFUNDING BONDS — Security and Sources of Payment — Subordinated Indebtedness and Special Facilities Indebtedness."**

Additional Bonds and Refunding Bonds

Pursuant to the Indenture, subject to certain terms and conditions, the City may issue:

(1) Additional Bonds from time to time to finance capital improvements at the Airport; and

(2) Refunding Bonds for the purpose of refunding principal and/or interest components of any Outstanding Bonds, any Subordinated Indebtedness or Special Facilities Indebtedness. Additional Bonds and Refunding Bonds will be equally and ratably secured on a parity with the Series 2012 Refunding Bonds and other Outstanding Bonds.

The City may issue Additional Bonds if (i) sufficient bonding authority remains pursuant to the Voter Approval and (ii) the requirements for the issuance of Additional Bonds under the Indenture (the "Additional Bonds Test") are met. The City may issue Refunding Bonds if (i) the Aggregate Debt Service in each Airport Fiscal Year prior to the final maturity date of then Outstanding Bonds after the refunding is no greater than the Aggregate Debt Service in each Airport Fiscal Year prior to the refunding or (ii) such Refunding Bonds satisfy certain portions of the Additional Bonds Test. See **"THE SERIES 2012 REFUNDING BONDS - Security and Sources of Payment - Additional Bonds."**

Certain Investment Considerations

The Series 2012 Refunding Bonds may not be suitable for all investors. Prospective purchasers of the Series 2012 Refunding Bonds should give careful consideration to the information set forth in this Official Statement including, but not limited to, the matters discussed or referred to under **"CERTAIN INVESTMENT CONSIDERATIONS."** These considerations include, among others, the following: (1) changes in the level of airline activity at the Airport; (2) events adversely affecting the air transportation system and the Airport; (3) the possible effect of an airline bankruptcy on the Use Agreements; and (4) the financial health of the airline industry and certain airlines serving the Airport. See also **"FACTORS AFFECTING THE AIR CARRIER INDUSTRY,"** for a more comprehensive discussion of certain investment considerations.

Miscellaneous

This Official Statement contains brief descriptions of, among other things, the Indenture, the Series 2012 Refunding Bonds, the City, the Airport, the Use Agreements, the Operating Agreements, the Continuing Disclosure Agreement, the audited financial statements of the Airport, certain unaudited financial information of the Airport, the Airport's capital improvement programs and the Airport Development Program. Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to any documents are qualified in their entirety by reference to such documents, and references to the Series 2012 Refunding Bonds are qualified in their entirety by reference to the form of the Series 2012 Refunding Bonds included in the Eighteenth Supplemental Indenture. Upon the issuance of the Series 2012 Refunding Bonds, the Indenture and the Continuing Disclosure Agreement will be available for inspection at the offices of the Trustee. All other documents referenced above are attached as appendices or available for inspection at the offices of the Airport.

The Review of the Airport Consultant is included as **APPENDIX A.** Certain financial statements of the City are included as **APPENDIX B.** Definitions and a summary of certain provisions of the Indenture are included as **APPENDIX C,** and all capitalized terms used in this Official Statement and not otherwise defined in the Official Statement shall have the meanings set forth in **APPENDIX C** or, with respect to terms defined under the Use Agreements and the Operating Agreements, in **APPENDIX D.** A summary of certain provisions of the Use Agreements and the Operating Agreements is included as **APPENDIX D.** A description of the book-entry-only system maintained by DTC is set forth in **APPENDIX E.** The substantially final text of the opinion to be delivered by Co-Bond Counsel, The Stolar Partnership LLP, St. Louis, Missouri, and White Coleman & Associates, LLC, A Limited Liability Company, St. Louis, Missouri, is included as **APPENDIX F.** The City will execute a Continuing Disclosure Agreement (the "Disclosure Agreement") with UMB Bank, N.A., the form of which is attached as **APPENDIX G**, to assist the Underwriters in complying with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the SEC under the Securities Exchange Act of 1934, as amended, by providing annual financial and operating data and material event notices required by the Rule. See **"CONTINUING DISCLOSURE"** and **APPENDIX G - "Form of Continuing Disclosure Agreement."** A description of the PFC Program, as defined herein, is included as **APPENDIX H.**

The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale made pursuant hereto shall under any circumstances, create an implication that there has been no change in the affairs of the City or the Airport since the date hereof. This Official Statement is not to be construed as a contract or agreement between the City or the Underwriters and purchasers or owners of any of the Series 2012 Refunding Bonds.

THE SERIES 2012 REFUNDING BONDS

The Series 2012 Refunding Bonds are being issued under the Indenture. Reference is hereby made to the Indenture in its entirety for the detailed provisions pertaining to the Series 2012 Refunding Bonds.

General

The Series 2012 Refunding Bonds will be dated their date of delivery and will mature and bear interest as set forth on the inside cover page of this Official Statement. The Series 2012 Refunding Bonds are issued as fully registered bonds in denominations of $5,000 or integral multiples thereof. The principal of and redemption premium, if any, on the Series 2012 Refunding Bonds will be payable at maturity to the persons in whose name such Series 2012 Refunding Bonds are registered upon presentation and surrender of such Series 2012 Refunding Bonds at the principal corporate trust office of the Trustee in St. Louis, Missouri. Interest on the Series 2012 Refunding Bonds is payable semiannually on January 1 and July 1 of each year, commencing January 1, 2013. Principal on the Series 2012 Refunding Bonds shall be paid on the maturity dates listed on the inside cover of this Official Statement. Registered owners of Series 2012 Refunding Bonds of a principal amount of at least $1,000,000 may receive payments of interest by electronic transfer upon written request from the registered owner to the Trustee providing relevant instructions not later than five days prior to the Record Date for such interest payment date.

Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2012 Refunding Bonds. The Series 2012 Refunding Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Bond certificate will be issued for each maturity of the Series 2012 Refunding Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC. For additional information regarding DTC and DTC's book-entry-only system, see **APPENDIX E - "DTC Information."**

In reading this Official Statement, it should be understood that while the Series 2012 Refunding Bonds are in book-entry-only form, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Series 2012 Refunding Bonds, but (i) all rights of ownership must be exercised through DTC and its book-entry-only system, and (ii) except as described in ***APPENDIX E,*** *notices that are to be given to registered owners under the Indenture shall be given only to DTC.*

Redemption

The Series 2012 Refunding Bonds maturing on or after July 1, 2023 are subject to the right of the City to redeem such Series 2012 Refunding Bonds on and after July 1, 2022 at par prior to maturity from any source, in whole or in part at any time, of such maturity as shall be selected by the City (and within a maturity as selected by the Trustee in such equitable manner as it shall determine), at the Redemption Price of the Series 2012 Refunding Bonds to be redeemed. See **APPENDIX C – "Summary of Certain Provisions of the Indenture."**

Security and Sources of Payment

General

The Series 2012 Refunding Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitation or provision, and the taxing power of the City is not pledged to the payment of the Series 2012 Refunding Bonds, either as to principal or interest.

The Series 2012 Refunding Bonds are limited obligations of the City, payable solely from and secured, on a parity with the Outstanding Bonds, by a pledge of (i) the Revenues, subject to the application thereof to the purposes and on the conditions permitted by the Indenture, including for the payment of Operation and Maintenance Expenses, and (ii) the Funds established by the Indenture. None of the properties of the Airport have been pledged or mortgaged to secure payment on the Bonds, including the Series 2012 Refunding Bonds.

Revenues

Under the Indenture, "Revenues" means collectively, the "GARB (General Airport Revenue Bond) Revenues," the "Pledged PFC Revenues" and any other available moneys deposited in the Revenue Fund. The Indenture defines Net Revenues as Revenues less Operation and Maintenance Expenses.

GARB Revenues. The Indenture defines "GARB Revenues" as all revenues collected by the City relating to, from or with respect to its possession, management, supervision, operation and control of the Airport, including all rates, charges, landing fees, rentals, use charges, concession revenues, revenues from the sale of services, supplies or other commodities, any investment income realized from the investment of amounts in the Revenue Fund, and any other amounts deposited into the Revenue Fund. GARB Revenues do not include: (a) any revenue or income from any Special Facilities, except ground rentals thereof or any payments made to the City in lieu of such ground rentals and the revenue or income from Special Facilities which are not pledged to the payment of Special Facilities Indebtedness; (b) any moneys received as grants, appropriations or gifts from the United States of America, the State of Missouri or other sources, the use of which is limited by the grantor or donor to the planning or the construction of capital improvements, including land acquisition, for the Airport, except to the extent any such moneys shall be received as payment for the use of the Airport; (c) any Bond proceeds and other money (including investment earnings) credited to the Construction Fund for the financing of capital improvements to the Airport; (d) any interest earnings or other gain from investment of moneys or securities in any escrow or similar account pledged to the payment of any obligations therein specified in connection with the issuance of Refunding Bonds or the defeasance of any Series of Bonds in accordance with the Indenture; (e) any consideration received by the City upon transfer of the Airport pursuant to the Indenture; (f) interest income on, and any profit realized from, the investment of moneys in (i) the Construction Fund or any other construction fund funded from proceeds of Bonds or (ii) the Debt Service Account or the Debt Service Reserve Account if and to the extent there is any deficiency therein; (g) any passenger facility charge or similar charge levied by or on behalf of the Airport against passengers or cargo, including any income or earnings thereon; (h) insurance proceeds which are not deemed to be GARB Revenues in accordance with generally accepted accounting principles (other than proceeds that provide for lost revenue to the Airport for business interruption or business loss); (i) the proceeds of any condemnation or eminent domain award; (j) the proceeds of any sale of land, buildings or equipment; (k) any money received by or for the account of the Airport from the levy of taxes upon any property in the City; and (1) amounts payable to the City under an Interest Rate Exchange Agreement unless and to the extent designated as GARB Revenues by the City in a Supplemental Indenture.

Pledged PFC Revenues. Under the Indenture, a limited portion of the revenues from passenger facility charges (the “PFCs” or the “PFC Revenues”) may be pledged to the payment of Bonds in an amount that correlates to the debt service on Bonds issued to finance or refinance PFC-Eligible Projects, and the City has pledged such limited portion of PFC Revenues to the payment of Bonds. See **APPENDIX H - “The PFC Program”** attached hereto. Amounts in the Revenue Fund are deposited, on a monthly basis, in specified funds and accounts under the Indenture in the order set forth in the Indenture. For a summary of the application of Revenues under the Indenture, see **APPENDIX C - “Summary of Certain Provisions of the Indenture.”**

The principal sources of Revenues are the rates and charges generated under agreements between the City and the airlines serving the Airport and payments under concession contracts at the Airport. See **“CERTAIN AGREEMENTS FOR USE OF THE AIRPORT’S FACILITIES.”**

Rate Covenant

Under the Indenture, the City has covenanted that it will, at all times while any Bonds remain outstanding, establish, fix, prescribe and collect rates, fees, rentals and other charges for the use of the Airport as will be reasonably anticipated to provide in each Airport Fiscal Year an amount so that Revenues will be sufficient to (i) pay Aggregate Debt Service for such Fiscal Year, (ii) provide funds necessary to make the required deposits in and maintain the several funds and accounts established under the Indenture, and (iii) pay or discharge all indebtedness, charges and liens payable out of the Revenues under the Indenture. For further discussion, see **“CERTAIN AGREEMENTS FOR USE OF THE AIRPORT’S FACILITIES.”**

Debt Service Reserve Account

The Indenture authorizes the establishment of the 2012 Debt Service Reserve Sub-Account of the Debt Service Reserve Account within the Airport Bond Fund, which is to be held by the Trustee. Such Debt Service Reserve Sub-Account is to be applied solely for the purposes specified in the Indenture and is pledged to secure the payment of the accrued Aggregate Debt Service on the Series 2012 Refunding Bonds. All of the sub-accounts within the Debt Service Reserve Account are held on a parity basis for the equal and ratable benefit of the Holders of all of the Outstanding Bonds. The Indenture requires that the Debt Service Reserve Account be maintained, as of any date of calculation for the then-Outstanding Bonds, unless otherwise provided in a Supplemental Indenture for a particular Series of Bonds, at an amount which equals the least of: (i) 10% of the proceeds of such series of Bonds; (ii) 125% of the average annual debt service on such series of Bonds; or (iii) the maximum annual debt service on such series of Bonds. Deposits into the Debt Service Reserve Account may be satisfied by a deposit of cash or a letter of credit, revolving credit agreement, standby purchase agreement, surety bond, insurance policy or similar obligation, arrangement or instrument issued by a bank, insurance company or other financial institution (the "Reserve Facility") pursuant to the requirements of the Indenture. Pursuant to the Eighteenth Supplemental Indenture, the Debt Service Reserve Requirement with respect to the Series 2012 Refunding Bonds initially will be $3,001,669.02, which is to be satisfied by a deposit of Series 2012 Refunding Bond proceeds and transfers of certain funds from the Debt Service Reserve Sub-Accounts for the Refunded Bonds.

Moneys in the Debt Service Reserve Account are to be withdrawn and deposited in the Debt Service Account each month to the extent that the amount in the Debt Service Account is less than the Accrued Aggregate Debt Service on such Bonds after all required transfers to the Debt Service Account pursuant to the Indenture and any transfers from the Debt Service Stabilization Fund. In the event amounts in the Debt Service Reserve Account shall be less than the Debt Service Reserve Requirement, or if any Reserve Facility is downgraded below the fourth highest rating category (without giving effect to gradations within a rating category) by any of the Rating Agencies, the Indenture requires that the Debt Service Reserve Account be restored to its requirement from amounts held in the Renewal and Replacement Fund, the Contingency Fund or the Development Fund or by the deposit of a new Reserve Facility rated in one of the three highest rating categories (without giving effect to gradations within a rating category). To the extent that such deficiency has not been made up from amounts in the Renewal and Replacement Fund, the Contingency Fund or the Development Fund, or by such a deposit, such deficiency shall be replenished from the first available Revenues after required deposits into the Operation and Maintenance Fund and the Debt Service Fund pursuant to the Indenture. The Indenture provides that any such deficiency in the Debt Service Reserve Account shall be replenished over various time periods as specified in the Indenture. Moneys in the Debt Service Reserve Account in excess of the requirement may be withdrawn and applied in accordance with the Indenture. See **APPENDIX C - "Summary of Certain Provisions of the Indenture."**

The value of all amounts on deposit in the Debt Service Reserve Account, which secures, on a parity basis, all $835,075,000 Outstanding Bonds issued under the Indenture, is approximately $90,000,000 as of June 1, 2012. Such amount is comprised of Reserve Facilities consisting of approximately $43,500,000 of surety bonds provided by qualified financial institutions and the balance is in cash (which has been invested in accordance with the Indenture). While a number of the surety bond providers have experienced rating downgrades over the past four years, all remain qualified under the terms of the Indenture. Because of periodic recalculations of the Debt Service Reserve Requirements for Outstanding series of Bonds required by the Indenture and as a result of partial refundings of certain Bonds, the City is obligated to increase over time the amount on deposit in certain Debt Service Reserve Sub-accounts by approximately $3.4 million. This obligation will be met and the Debt Service Reserve

Account will be fully funded upon the issuance of the Series 2012 Refunding Bonds. See **"PLAN OF FINANCE" and "Appendix C - Summary of Certain Provisions of the Indenture - Debt Service Reserve Requirement."**

The Seventeenth Indenture provides for additional Valuation Dates for the Debt Service Reserve Accounts. See **"Appendix C - Summary of Certain Provisions of the Indenture —Bond Fund-Debt Service Reserve Account."**

Debt Service Stabilization Fund

After making all required monthly deposits to or for the Operation and Maintenance Fund, the Debt Service Account, the Debt Service Reserve Account, the Arbitrage Rebate Fund, the payment of any Subordinated Indebtedness, the Renewal and Replacement Fund and the City Sub-Account in the Revenue Fund, the City will deposit the remaining Revenues in the Revenue Fund (i) in Fiscal Year 2012 and (ii) in each Fiscal Year thereafter, into the Debt Service Stabilization Fund up to an amount sufficient to cause the amount on deposit therein to equal the Debt Service Stabilization Fund Requirement. The Debt Service Stabilization Fund Requirement is an amount equal to 35% of the maximum annual Debt Service on the Bonds due in the then-current or any future Airport Fiscal Year, subject to change as described below. After such deposits, any remaining GARB Revenues will be deposited in the Development Fund, any remaining unused Pledged PFC Revenues will be deposited in the PFC Account.

Amounts in the Debt Service Stabilization Fund may be withdrawn and used for (1) monthly transfers to the Trustee for deposit to the Debt Service Account to the extent necessary to replenish any deficiency or deficiencies therein, (2) emergency debt service needs with respect to Outstanding Bonds, Subordinated Indebtedness or other indebtedness issued for Airport purposes and (3) Airport operational emergencies.

Notwithstanding the foregoing, after the Net Revenues for three consecutive Airport Fiscal Years equals at least 1.60 times the Aggregate Adjusted Debt Service for such Airport Fiscal Years, the Comptroller, upon the receipt of a request of the Airport Commission, may determine to reduce or eliminate the Debt Service Stabilization Fund Requirement and/or eliminate the Debt Service Stabilization Fund.

The balance in the Debt Service Stabilization Fund is expected to be $32,300,542.00 as of June 30, 2012. Such transfers include a portion of the moneys released from the Debt Service Reserve Sub-Accounts for the Refunded Bonds. For additional information regarding the Debt Service Stabilization Fund, see **"APPENDIX C - Summary of Certain Provisions of the Indenture."**

The City is using a portion of the Debt Service Stabilization Fund under the Indenture in order to mitigate rates on an annual basis during the term of the Use Agreements. In each Fiscal Year the City determines to mitigate rates, the City will withdraw approximately $13.7 million from the Debt Service Stabilization Fund and deposit such amount in the Revenue Fund, with the expectation that such amount will, pursuant to the flow of funds specified in the Indenture, be redeposited in the Debt Service Stabilization Fund prior to the end of such Fiscal Year. The amounts so deposited in such years will be included in GARB Revenues and the debt service coverage calculations for such years. For additional information see the projections of the Airport Consultant in its Review attached as **APPENDIX A** hereto.

Outstanding Bonds

The following series of Bonds constitute the Outstanding Bonds under the Indenture prior to the issuance of the Series 2012 Refunding Bonds, as of April 30, 2012.

Title	Dated Date	Original Amount of Issue	Amount Outstanding
Airport Revenue Bonds, Series 1997B (AMT)	August 15, 1997	$159,185,000	$16,825,000
Airport Revenue Bonds, Series 2002A (Capital Improvement Program) (Non-AMT)	December 19, 2002	69,195,000	3,435,000
Airport Revenue Bonds, Series 2002B (Capital Improvement Program) (AMT)*	December 19, 2002	31,755,000	27,685,000
Airport Revenue Refunding Bonds, Series 2002C (AMT)*	December 19, 2002	17,035,000	4,825,000
Airport Revenue Refunding Bonds, Series 2003A (Non-AMT)	February 25, 2003	70,340,000	45,825,000
Airport Revenue Refunding Bonds, Series 2005 (Non-AMT)	July 7, 2005	263,695,000	263,695,000
Airport Revenue Refunding Bonds, Series 2007A (Non-AMT)	January 23, 2007	231,275,000	231,275,000
Airport Revenue Refunding Bonds, Series 2007B (AMT)	April 3, 2007	104,735,000	104,735,000
Airport Revenue Bonds Series 2009A-1	July 14, 2009	107,240,000	107,240,000
Airport Revenue Refunding Bonds Series 2011A (Non-AMT)	June 23, 2011	5,910,000	5,910,000
Airport Revenue Refunding Bonds Series 2011B (Non-AMT)	June 23, 2011	23,625,000	23,625,000
Total		$1,083,990,00	$835,075,000

*All of which will be defeased upon issuance of the Series 2012 Refunding Bonds.

The City maintains an investor information website at http://buystlbonds.com containing information on indebtedness of the City. However, information on this website has not been verified for accuracy, timeliness or completeness and is not a part of this Official Statement.

Additional Bonds

Additional Bonds, equally and ratably secured under the Indenture on a parity with Outstanding Bonds, including the Series 2012 Refunding Bonds, may be authorized and issued by the City upon satisfaction of certain conditions for the purpose of providing funds for costs of construction of Additional Projects, consisting of the extension, improvement, acquisition, construction and enlargement of the Airport. The City may issue Additional Bonds for an Additional Project only if (i) sufficient bonding authority remains pursuant to the Voter Approval and (ii) the Additional Bonds Test under the Indenture is met, including receipt by the Trustee of certain certificates, reports and information, including the following:

1. An Accountant's Certificate setting forth (a) the Net Revenues of the Airport for any period of 12 consecutive months out of the 18 months preceding the delivery of such Additional Bonds and (b) the Aggregate Adjusted Debt Service for such 12-month period, and demonstrating that for such 12-month period that Net Revenues equaled at least 1.25 times the Aggregate Adjusted Debt Service; and

2. A certificate of an authorized officer of the City demonstrating that, among other things, the estimated Net Revenues of the Airport for each of the three Fiscal Years following the Fiscal Year in which the Additional Project will be completed is at least equal to 1.25 times Aggregate Adjusted Debt Service for each of such three Fiscal Years.

The Indenture contains a covenant (applicable so long as certain Bonds authorized thereby are Outstanding) which provides that the amount of Pledged PFC Revenues that may be counted for the purpose of meeting the Additional Bonds Test for any Fiscal Year may not exceed 125% of the sum of the outstanding and proposed PFC-eligible debt service for such Fiscal Year.

Refunding Bonds

Refunding Bonds, equally and ratably secured under the Indenture on a parity with Outstanding Bonds, including the Series 2012 Refunding Bonds, may be authorized and issued by the City upon satisfaction of certain conditions, for the purpose of refunding all or a portion of the principal and/or interest components of Outstanding Bonds, Subordinated Indebtedness (described below) or Special Facilities Indebtedness (described below).

Refunding Bonds may be issued only upon receipt by the Trustee of certain certificates, reports and information, including either of the following: (1) a certificate of an Authorized Officer of the City setting forth (a) the Aggregate Debt Service and the Aggregate Adjusted Debt Service for the then current and each future Fiscal Year to and including the Fiscal Year next preceding the date of the latest maturity of any Bonds of any Series then Outstanding (i) with respect to the Bonds of all Series Outstanding immediately prior to the date of authentication and delivery of such Refunding Bonds and (ii) with respect to the Bonds of all Series to be Outstanding immediately thereafter, and (b) that the Aggregate Debt Service and the Aggregate Adjusted Debt Service set forth for each Fiscal Year pursuant to (ii) above are not greater than the corresponding amounts set forth for such Fiscal Year pursuant to (i) above; or (2) the certificates required by the Indenture evidencing that the Additional Bonds Test has been met, considering, for all purposes of such test, that such Refunding Bonds are Additional Bonds, subject to certain exceptions.

The Series 2012 Refunding Bonds are being issued as Refunding Bonds.

Subordinated Indebtedness and Special Facilities Indebtedness

The Indenture permits the City to issue or refund bonds, notes, commercial paper, certificates, warrants or other evidence of indebtedness payable as to principal and interest from the Revenue Fund and the Net Revenues, subject and subordinate to the deposits and credits required to be made therefrom to the Debt Service Account and the Debt Service Reserve Account, and to secure such bonds, notes, commercial paper, certificates, warrants or other evidences of indebtedness and the payment thereof by a lien and pledge on the Net Revenues junior and inferior to the lien and pledge on the Net Revenues created under the Indenture for the payment of and security on the Bonds (the "Subordinated Indebtedness").

At any time after authorization, but prior to the issuance of Subordinated Indebtedness, the City must furnish to the Trustee a certificate of the City with respect to the specific principal amount of Subordinated Indebtedness proposed to be issued (the "Certified Amount") and that provides as follows: annual estimated Net Revenues available, after payment of Debt Service of the Outstanding Bonds, for each of the three Airport Fiscal Years following the Airport Fiscal Year in which it is estimated that the Airport has beneficial occupancy of the Airport project to be financed or refinanced (in whole or in part) from the proceeds of such Certified Amount, will be at least equal to 1.10 times the sum of (1) estimated debt service on the Certified Amount proposed to be issued, (2) debt service on all outstanding Subordinated Indebtedness, and (3) estimated debt service on any other previously Certified Amounts to the extent that such Certified Amounts are not outstanding but are still authorized and available to be issued.

In May 2004, the City established its commercial paper program to finance capital expenditures at the Airport pursuant to which the City may issue up to $125,000,000 of commercial paper. Commercial paper is issued under the terms of a Commercial Paper Subordinate Indenture of Trust, dated May 1, 2004, between the City and UMB Bank, N.A., as trustee (the "CP Indenture"). No commercial paper notes are currently outstanding, and the City has no current plans to issue any such notes.

The Indenture permits the issuance of obligations other than Bonds by the City or otherwise ("Special Facilities Indebtedness") for the purpose of financing capital improvements or facilities to be located on Airport property, provided that such Special Facilities Indebtedness is not payable from Revenues. Special Facilities Indebtedness must be payable solely from rentals and other charges derived from a lease, sale or other agreement with the person, firm or corporation utilizing such Special Facilities. Prior to the issuance of the Special Facilities Indebtedness, there must be filed with the Trustee a certificate of the Airport Consultant certifying that (i) the estimated rentals, payments and other charges (including interest earnings on any reserves) to be paid with respect to such Special Facilities will be at least sufficient to pay the principal of and interest on such Special Facilities Indebtedness, together with all costs of operating and maintaining the Special Facilities and all required sinking fund, reserve and other payments; and (ii) the construction and operation of the Special Facilities to be financed will not decrease the Revenues presently projected to be derived from the Airport. The City is required to charge a fair and reasonable rental for the land upon which any Special Facilities are to be constructed, and such ground rent will be deemed Revenues of the Airport. There currently is no Special Facility Indebtedness outstanding, and the City has no current plans to incur any such Indebtedness.

Matters Relating to Enforceability

The practical realization of any rights upon any default will depend upon the exercise of various remedies specified in the Indenture. These remedies, in certain respects, may require judicial action, which is often subject to discretion and delay. Under existing law, certain of the remedies specified in the Indenture may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in these documents. The security interest in the Revenues granted pursuant to the Indenture may be subordinated to the interest and claims of others in several instances. Examples of cases of subordination of prior claims are described under **"THE SERIES 2012 REFUNDING BONDS - Matters Relating to Security for the Series 2012 Refunding Bonds."**

The application of federal bankruptcy laws may have an adverse effect on the ability of the Trustee and the Bondholders to enforce their claim to the Revenues. Federal bankruptcy law permits adoption of a reorganization plan, even if such plan has not been accepted by the Holders of a majority in aggregate principal amount of the Bonds, if the Bondholders are provided with the benefit of their original lien or the "indubitable equivalent." In addition, if a bankruptcy court concludes that the Bondholders have "adequate protection," it may under certain circumstances (a) substitute other security for the security provided by the Indenture for the benefit of the Bondholders and (b) subordinate the lien of the security interest of the Trustee to (1) claims by persons supplying goods and services to the bankrupt after the bankruptcy and (2) the administrative expenses of the bankruptcy proceeding. In the event of the bankruptcy of the City or any of the Signatory Airlines, the amount realized by the Bondholders might depend, among other factors, on the bankruptcy court's interpretation of various legal doctrines under the then-existing circumstances.

All legal opinions with respect to the enforceability of the Indenture and the Series 2012 Refunding Bonds will be expressly subject to the qualification that enforceability thereof may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights generally and by applicable principles of equity.

Matters Relating to Security for the Series 2012 Refunding Bonds

The amount of Revenues to be received by the City is subject to a number of factors, including: (a) that Revenues may be commingled with other moneys of the City and, therefore, not sufficiently identifiable to enforce the City's covenants with respect to any required transfers; (b) statutory liens; (c) rights arising in favor of the United States of America or any agency thereof; (d) constructive trusts, equitable or other rights impressed or conferred by a federal or state court in the exercise of its equitable jurisdiction; (e) federal bankruptcy laws that may affect the enforceability of such security interest or certain federal statutes, regulations and judicial decisions that have cast doubt upon the right of the Trustee, in the event of the City's default, to collect and retain accounts receivable from the Revenues and other governmental programs; (f) rights of third parties in certain types of Revenues, such as instruments and cash not in the possession of the Trustee; and (g) requirements for filing Uniform Commercial Code continuation statements.

Acceleration

Upon the occurrence of certain events set forth in the Indenture, including a default in the payment of principal of, premium, if any, or interest on the Bonds, the Trustee may, and upon the written request of 25% of the Bondholders, the Trustee is required to, declare the principal of the Bonds and all accrued interest thereon to be due and payable immediately.

Remedies

For a description of the events of default under the Indenture and the remedies available to Holders of the Bonds, see **APPENDIX C - "Summary of Certain Provisions of the Indenture Events of Default and Remedies," "Restrictions on Bondholders' Actions"** and "**Waiver of Events of Default."**

PLAN OF FINANCE

General

The proceeds of the Series 2012 Refunding Bonds, together with other available funds, will be used: (i) to refund the Refunded Bonds, (ii) to pay costs of issuing the Series 2012 Refunding Bonds, and (iii) to fund a portion of the Debt Service Reserve Sub-Account for the Series 2012 Refunding Bonds.

Plan of Refunding

The proceeds of the Series 2012 Refunding Bonds will be used to refund on a current basis the Refunded Bonds, consisting of all of the City's Airport Revenue Refunding Bonds, Series 2002B, which are outstanding in the aggregate principal amount of $27,685,000.00, and the City's Airport Revenue Bonds, Series 2002C, which are outstanding in the aggregate principal amount of $4,825,000.00. See **"THE SERIES 2012 REFUNDING BONDS – Debt Service Reserve Account," "SOURCES AND USES OF FUNDS"** and **"APPENDIX C – Summary of Certain Provisions of the Indenture"** herein.

SOURCES AND USES OF FUNDS

The following sets forth the estimated sources and uses of the proceeds of the Series 2012 Refunding Bonds and other available funds:

Series 2012 Refunding Bonds

Sources:		
Par Amount	$	31,395,000.00
Plus Original Issue Premium		1,346,004.65
Bond Proceeds	$	32,741,004.65
Transfer from 2002B Debt Service Fund	$	1,473,588.13
Transfer from 2002C Debt Service Fund		1,242,687.50
Transfer from 2002B and 2002C Debt Service Reserve Fund		1,365,000.00
Other Revenues		1,000.00
Total Other Sources	$	4,082,275.63
Total	$	36,823,280.28
Uses:		
2012 Refunding Sub-Account Deposit	$	33,316,275.63
Debt Service Reserve Fund		3,001,669.02
Costs of Issuance*		505,335.63
Total	$	36,823,280.28

* Includes Underwriters' discount.

DEBT SERVICE REQUIREMENTS

The following table summarizes the debt service payments to be made by the Airport for all Outstanding Bonds, including the Series 2012 Refunding Bonds, based on when payments are sent to the Trustee.

Year	Debt Service on Outstanding Bonds	Series 2012 Debt Service	Total Debt Service
2013	$75,286,178	$3,460,266	$78,746,443
2014	75,134,428	3,467,763	78,602,190
2015	75,585,928	3,463,763	79,049,690
2016	73,559,784	2,099,763	75,659,546
2017	73,592,678	2,118,513	75,711,190
2018	73,573,215	2,119,013	75,692,228
2019	64,189,819	2,117,013	66,306,831
2020	64,196,394	2,124,313	66,320,706
2021	64,295,013	2,122,588	66,417,600
2022	64,191,431	2,119,338	66,310,769
2023	57,890,425	2,118,338	60,008,763
2024	57,896,881	2,119,338	60,016,219
2025	57,898,000	2,122,088	60,020,088
2026	57,892,350	2,115,488	60,007,838
2027	57,810,550	2,122,238	59,932,788
2028	47,034,138	2,121,575	49,155,713
2029	47,029,750	2,121,075	49,150,825
2030	47,034,638	2,119,250	49,153,888
2031	47,035,275	2,121,250	49,156,525
2032	14,658,675	3,753,750	18,412,425
2033	9,913,494		9,913,494
2034	9,910,794		9,910,794

Excludes debt service on Refunded Bonds, including on Bonds being paid on July 2, 2012
Total may vary because of rounding.

THE CITY OF ST. LOUIS

General

The City of St. Louis, Missouri, a constitutional charter city not a part of any county, is organized and exists under and pursuant to its Charter and the Constitution and laws of the State of Missouri. The Airport is owned by the City and operated by the Airport Authority, under the supervision of the Airport Commission. The Airport Authority was created by ordinance of the Board of Aldermen of the City.

The City is located on the Mississippi River, the eastern boundary of the State of Missouri, just below its confluence with the Missouri River. The City occupies approximately 61.4 square miles of land, and its area has remained constant since 1876. The City is popularly known as the "Gateway to the West," due to its central location and historical role in the nation's westward expansion. Commemorating this role is the 630-foot stainless steel Gateway Arch, the world's tallest man-made monument, which is the focal point of the 86-acre Jefferson National Expansion Memorial on the downtown riverfront.

Government

The City's system of government is provided for by its Charter, which first became effective in 1914 and has subsequently been amended from time to time by the City's voters.

The Mayor, elected to a four-year term, is the chief executive officer of the City. The Mayor appoints most department heads, municipal court judges and various members of the City's boards and commissions. The Mayor possesses the executive powers of the City, which are exercised by the boards, commissions, officers and departments of the City under his general supervision and control. See **"AIRPORT MANAGEMENT"** herein.

The Comptroller is the City's chief fiscal officer, and is elected at-large to a four-year term. The Comptroller is, by Charter, Chairperson of the Department of Finance for the City and also has broad investigative audit powers over all City departments and agencies. The Comptroller has administrative responsibility for all of the City's contracts, financial departments and accounting procedures.

The legislative body of the City is the Board of Aldermen. The Board of Aldermen is comprised of 28 Aldermen and a President. One Alderman is elected from each of the City's 28 wards to serve a four-year term, and Aldermen are elected for one-half of the wards every two years. The President of the Board of Aldermen is elected at large to serve a four-year term. The President is the presiding officer of the Board of Aldermen. The Board of Aldermen may adopt bills or ordinances which the Mayor may either approve or veto. Ordinances may be enacted by the Board of Aldermen over the Mayor's veto by a two-thirds vote.

The Board of Estimate and Apportionment is primarily responsible for the finances of the City. The Board of Estimate and Apportionment is comprised of the Mayor, the Comptroller and the President of the Board of Aldermen.

While most governmental functions of the City are controlled by the Mayor, the Comptroller, the Board of Estimate and Apportionment and the Board of Aldermen, the appointment of certain officials, including the members of the Board of Police Commissioners and the Board of Election Commissioners, is made by the Governor of the State of Missouri. The Sheriff, Treasurer, Collector of Revenue, License Collector, Circuit Clerk, Circuit Attorney, Public Administrator and Recorder of Deeds of the City are elected independently to four-year terms.

THE AIRPORT

General

The Airport is located in St. Louis County, which is adjacent to the City, approximately 15 miles northwest of the City's central business district, a drive of approximately 20 to 30 minutes on Interstate Highway 70, and approximately ten miles from the center of population of the St. Louis metropolitan area. The Airport is a "Medium Hub" by Federal Aviation Administration ("FAA") classification, as it enplaned less than 1% of the total passengers in the United States in CY 2011.

The Airport was originally established by Major Albert Bond Lambert and other aviation pioneers on a 160-acre site. It was acquired by the City in 1929 and subsequently expanded to slightly more than 3,600 acres. In 1971, the Airport's name officially changed to Lambert-St. Louis International Airport. Additional information on the Airport can be found on its website: http://flystl.com., however, information on this website has not been verified for accuracy, timeliness or completeness and is not a part of this Official Statement.

According to the Airports Council International ("ACI") North American traffic report for CY 2011, the Airport ranked as the 30th busiest airport nationwide in terms of total passengers. Total enplanements at the Airport for FY 2011 were approximately 6.2 million, representing a decrease of 1% from the prior year. Of the total FY 2011 enplanements, 86% were originating passengers and 14% were connecting passengers. Based on FY 2011 enplanements, Southwest Airlines ("Southwest" or "Southwest Airlines") is currently the dominant carrier at the Airport, accounting for 45% of the enplanements, followed by American Airlines ("American" or "American Airlines") and its affiliates, which accounted for 18% of the enplanements. See **"AIRPORT OPERATIONS."**

Recent Events

Recovery From Tornado Damage. On April 22, 2011, a tornado heavily damaged portions of the Airport which disrupted flights for approximately three days. The tornado blew out a majority of windows and caused extensive roof damage on Concourse C of Terminal 1 in addition to causing damage to airline gate areas, stores, restaurants and operational areas. Terminal 1 also suffered extensive damage as windows were blown out of the three-story high domes that frame the ticketing levels. While the structure remained intact, the roof and roof membrane on Terminal 1 needed to be replaced. All Concourse C airlines and many concessions had been relocated to Concourses B and D, which were closed prior to the-tornado. Such airlines were back in full operation within three days.

Concourse C, including all the respective airlines and concessions, was reopened on April 2, 2012. In addition, approximately 95% of all damage has been rebuilt or repaired. Lexington Insurance Company has paid the Airport $22 million as of April 2, 2012. All funds were received in advance and the Airport has not had to use any of its own funds for payments. It is expected that the total cost of the insurance claim will be under $25 million and this includes the business interruption portion of the claim. The Federal Emergency Management Agency (FEMA) has paid the Airport approximately $57,000 of the $75,000 claim for the insurance deductible of $100,000. This is 75% of the deductible. For more information see **"AIRPORT OPERATIONS - Risk Management"**

Cost-Cutting Measures Initiated at the Airport. For the last several years, the Airport has made a conscious effort to reduce costs in its Operations & Maintenance Budget. For example, the Airport has eliminated 98 full time equivalent positions since FY 2009, including twenty positions that are scheduled to be eliminated in the FY 2013 budget. Cost-cutting efforts also resulted in privatization of a portion of the custodial staff and the closing of a third fire station. In addition, significant savings have been realized in utilities. Almost $600,000 was reduced in the FY 2013 budget for utility costs due to energy efficiencies and other reductions in use. Under a policy established in 2010, the Airport's Chief Financial Officer must still approve all purchases over $1,000, even if budgeted. The Airport Director must also approve all travel requests after Deputy Director approval.

The Airport's capital budget is minimal. In fact, the Airport made a promise to the airlines during Airline Use Agreement (AUA) negotiations that no new debt will be initiated for the life of the 5 year AUA unless there is an emergency or a federal mandate. However, it must be noted that even in the case of an emergency (i.e., April, 2011 tornado) the Airport did not have to borrow funds because all funding was received in advance from the insurance company.

Air Service Marketing

The Airport's Air Service Marketing Program is continuing its efforts to attract new service with existing air carriers as well as new airlines.

The Airport adopted a revised Airlines Incentive Program that was approved by the City through FY 2014. This program, which is expected to total $13.4 million over its term, provides incentives to airlines that expand their services at the Airport. Southwest, Delta, and Alaska Airlines are among those airlines that have taken advantage of this program.

Efforts have also been made to increase cargo service, especially international cargo. The Airport is actively pursuing Asian and Latin American carriers, as well as others, to partner with as part of this effort.

These initiatives were principally the result of American Airlines' significant curtailment of operations at the Airport in the past decade. Its cutbacks at the Airport include its decision to cease using the Airport as a hub in 2003 and the elimination of 47 daily flights and the elimination of 12 destinations then served from the Airport in April 2010. American now operates 30 mainline and one regional jet flights per day.

American Airlines' cutbacks have been partially offset by increased service by other airlines. Seven airlines have increased service at the Airport since 2009. Southwest Airlines added nine new daily flights from the Airport beginning in May 2010. In addition, United Airlines announced the return of its mainline service by adding a daily flight beginning in May 2010. These ten new flights have restored non-stop service to five of the destinations that American eliminated. Alaska Airlines began daily non-stop service to Seattle in the fall of 2010.

New Use Agreements. Airport management and the airlines serving the Airport have successfully negotiated new Use and Lease Agreements which took effect on July 1, 2011 and will terminate on June 30, 2016. See **"CERTAIN AGREEMENTS FOR USE OF THE AIRPORT'S FACILITIES — Airport Use, Operating and Cargo Agreements"** herein.

Service Area

The Airport's primary service area consists of the St. Louis Missouri-Illinois Statistical Area (the "St. Louis Area"), which includes the City, Crawford, Franklin, Jefferson, Lincoln, St. Charles, St. Louis, Warren and Washington counties in Missouri and Bond, Calhoun, Clinton, Jersey, Macoupin, Madison, Monroe and St. Clair counties in Illinois. The Airport is currently the only major commercial airport in the St. Louis Area. The FAA identifies six reliever airports in the St. Louis Area. They are Spirit of St.

Louis Airport in west St. Louis County, Missouri; St. Louis Downtown Parks Airport in Cahokia, Illinois; St. Louis Regional Airport in Bethalto, Illinois; St. Charles Municipal Airport and St. Charles County/Smart Airport, St. Charles County, Missouri; and Creve Coeur Airport in St. Louis County, Missouri. These airports do not have runway lengths sufficient to accommodate large commercial aircraft.

MidAmerica Airport in St. Clair County, Illinois, has two runways that can accommodate large jet aircraft and a four-gate passenger terminal that can be expanded to 85 gates. MidAmerica Airport primarily serves as a joint-use facility in connection with nearby Scott Air Force Base. MidAmerica Airport serves general aviation clients and is being developed for international cargo operations.

Existing Airport Facilities

Currently, the Airport's airfield includes four runways. Three primary runways may be used by the largest types of commercial aircraft currently in use without restrictions. The remaining runway is sufficient in length to handle safely most types of aircraft now serving the Airport.

In addition to the runways, there are more than 15 miles of 75-foot-wide concrete taxiways and four concrete holding pads. All runways and taxiways are equipped with FAA-approved lights with controllable brightness switching. Approximately 49 acres of concrete apron provide space for aircraft parking, servicing and refueling with an additional 17 acres of concrete apron leased to two fixed-base operators and used by general aviation aircraft.

Terminal Facilities

On April 22, 2011, the Airport's Terminal 1 sustained severe storm damage from a tornado, which disrupted flights at the Airport for approximately three days. See **"THE AIRPORT — Recent Events — Tornado Damage"** herein.

Terminal facilities include Terminal 1 and Terminal 2. Terminal 1 contains 1,099,568 usable square feet of building space and is comprised of the Terminal 1 domes and four concourses (Concourses A, B, C and all but four easternmost gates in Concourse D) with 68 aircraft gates in a mixed configuration. Terminal 2 has 331,329 usable square feet of building space with 19 aircraft gates.

Terminal 1 has two active concourses, A and most of C. All concourses in Terminal 2 are active. Concourses B and D were used after the April, 2011 tornado but closed on April 1, 2012 after Concourse C was reopened. Concourse A has 15 gates: six are leased by Delta Airlines, five leased by United Airlines, three by US Airways, and one gate is not used. Concourse C has 30 gates: four are leased by American Airlines, two by Cape Air, two by Frontier, with 22 gates not used. Southwest Airlines leases 10 gates at Terminal 2. In addition, six gates are City gates operated for the City under an agency agreement operated by Airport Terminal Services. Three gates remain unused.

Public Parking

The Airport currently has 8,999 public parking spaces available. Lots B, C, and D have a total of 4,883 long-term spaces. Lot A has 993 available spaces. The Terminal 1 and Terminal 2 parking garages have a total of 3,123 spaces. The last time the Airport raised parking rates was in September, 2009. The Airport's parking facilities compete with off-site parking lots which are privately owned.

In addition to the 8,999 parking spaces, the Airport also maintains two cell phone lots. One cell phone lot is located closer to Terminal 1 and the other cell phone lot is located close to Terminal 2.

Other Facilities

The other Airport facilities owned by the City include an off-site office building, five airline cargo buildings, eleven shops and service buildings, an office building and offices/hangars for American Airlines, Trans States Airlines and Signature Flight Support (formerly Midcoast Aviation). The City also owns certain aircraft production facilities and grounds for which it is currently pursuing development opportunities. In addition, there are other structures at the Airport not owned by the City, including facilities owned by Boeing Company, St. Louis Air Cargo Services, Inc., and the Missouri Air National Guard.

Federal Express, United Parcel Service (UPS), and various freight forwarders lease space in a privately developed cargo facility situated on a 31-acre site. This complex includes a 100,000 square foot cargo building and a 448,000 square foot aircraft parking apron. UPS also owns an 18,000-square-foot cargo warehouse facility adjacent to a 200,000-square-foot aircraft parking apron.

Planning

The Airport maintains a comprehensive Master Plan and a Noise Compatibility Program. The Master Plan provides the framework that guides future airport development in a cost-effective manner while meeting the aviation needs of the region and its citizens. The Noise Compatibility Program assesses aircraft noise exposure on adjacent communities and identifies means to mitigate any adverse noise and achieve land use compatibility.

The Master Plan and the Airport Layout Plan have been updated and are being reviewed by the Federal Aviation Administration. Federal approval of the plans is anticipated by the third quarter of 2012. The Noise Compatibility Program was updated in 2010 and approved by the FAA in August, 2011.

CERTAIN AGREEMENTS FOR USE OF THE AIRPORT'S FACILITIES

Airport Use, Operating and Cargo Agreements

On July 1, 2011, the City entered into substantially identical Airport Use and Lease Agreements (individually with respect to each air carrier, a "Use Agreement" and, collectively, the "Use Agreements") or Airline Operating Agreements (individually with respect to each air carrier, an "Operating Agreement" and, collectively, the "Operating Agreements") and, in some instances, Cargo Addenda (individually with respect to each air carrier, a "Cargo Addendum" and, collectively, the "Cargo Addenda") with all major and regional air carriers serving the Airport, thereby replacing the current airport use, operating and cargo agreements that have been in place since 2006. Beginning July 1, 2011, air carriers may choose to operate at the Airport under either the Use Agreement or the Operating Agreement.

Use Agreements

All air carriers operating at the Airport pursuant to a Use Agreement constitute "Signatory Airlines." The Use Agreements grant the Signatory Airlines the right to use, as applicable, the airfield and the terminal building, including the concourses and related facilities, for the business of air transportation with respect to persons, property, cargo and mail and provide for the payment of rentals, fees and charges by the Signatory Airlines.

Each Use Agreement has a 5-year term that commenced on July 1, 2011 and will terminate on June 30, 2016, unless earlier terminated for non-performance or default. Use Agreements entered into after July 1, 2011 will also have a June 30, 2016 termination date. In general, the Use Agreements continue a hybrid rate methodology whereby the airlines commit to back revenue shortfalls or share in surplus with respect to the airfield and pay applicable rates with respect to the terminal complex. Landing fees and terminal building space rentals are computed based on formulas described in **APPENDIX D - "Summary of Certain Provisions of the Use Agreements and the Operating Agreements."**

Rentals, fees and charges are assessed to the Signatory Airlines to support the primary activities of the Airport — the airfield and the terminal complex (including Terminal 1 and Terminal 2), pursuant to formulas set forth in the Use Agreements. The minimum landing fee commitment is $1,000,000 for Signatory Airlines over the term of the Use Agreement. The Use Agreements permit the City to adjust rentals, fees and charges for each rate period to reflect overpayments and underpayments that occurred during the preceding rate period, and, to the extent necessary, replenish reasonable reserves for uncollected revenues.

Except as described below, before undertaking any Capital Improvement, the City must notify the Signatory Airlines and request a Majority-in-Interest ("MII") approval for each such Capital Improvement. An MII is deemed to be 50% plus one of the Signatory Airlines operating at the Airport at the time of the voting action, having paid no less than 66.67% of the aggregate rents, fees, and charges paid by all signatory Airlines operating at the Airport during the immediately preceding fiscal year.

The City may undertake all Capital Improvements for which it receives MII approval. If MII approval is denied, the City may undertake only those Capital Improvements that are funded from sources other than bond proceeds, and only if the unencumbered balance of the Airport Development Fund is $20,000,000 or greater; provided, however, that the City must delay obligating Airport funds necessary to undertake such Capital Improvements by one calendar year from the date in which the City requested MII approval. The City may not undertake Capital Improvements that are funded with Bond proceeds unless it receives MII approval for such projects.

No MII approval is required for Capital Improvements undertaken: (a) to comply with laws and regulations or with the requirements of the Indenture; (b) as an emergency project; (c) to settle claims, satisfy judgments, or comply with judicial orders; (d) to repair casualty damage at the Airport; (e) to mitigate aircraft noise as part of a Noise Compatibility Program described below; (f) to conduct any necessary environmental investigation or remediation; (g) to build special facilities for which the City has a contractual commitment from a Signatory Airline or a financially-responsible third party; or (h) to be fully funded from PFCs.

Operating Agreements

The Operating Agreements are month-to-month operating permits that may be terminated by either party by providing 30-day written notice to the other party. Air carriers electing to operate at the Airport under the Operating Agreements are considered to be "non-signatory" airlines. The Operating Agreements are short term permits intended to provide flexibility for charter airlines, new entrants that may wish to test the market and regional airlines that operate at the airport under a contract with other air carriers. Air carriers operating at the Airport pursuant to Operating Agreements are subject to a landing fee rate equal to 125% of the landing fee rate paid by the Signatory Airlines (unless the Operating Agreement airline is designated as an Affiliate by a Signatory Airline, in which case its landing fee rate is equal to the landing fee rate applicable to the Signatory Airlines). A passenger air carrier that signs an Operating Agreement and requests space in one of the terminal buildings pays a space use fee equal to the terminal rental rate payable by the Signatory Airlines.

Cargo Addenda

Cargo air carriers may elect to operate under either a Use Agreement or an Operating Agreement, but must execute the applicable cargo addendum which prohibits cargo air carriers from operating from the Airport's passenger terminal buildings. Among other things, the cargo addenda for the Use Agreements and the Operating Agreements require cargo air carriers to arrange for operating space at the Airport separately with the City or with a third-party Airport tenant whose rights include providing such space.

For additional information regarding air carrier rates and charges, including the methodology and requirements for calculating landing fees and rents and other fees and for obtaining MH approval, see APPENDIX D - "Summary of Certain Provisions of the Use Agreements and the Operating Agreements."

Federal Policy on Air Carrier Rates and Charges

The Federal Aviation Administration Authorization Act of 1994 requires airport fees to be "reasonable" and provides a mechanism by which the Secretary of Transportation can review rates and charges complaints brought by air carriers. The provisions of such Act do not apply to fees imposed pursuant to a written agreement with air carriers using airport facilities. There is currently no dispute between the City and any of the air carriers operating at the Airport over any existing or proposed rates and charges. There is no assurance, however, that such disputes will not arise in the future.

Airport Maintenance

Under the terms of both the Use Agreements and the Operating Agreements, the City is required to maintain and keep in good repair all of the public areas and facilities of the Airport, including the structures associated with the terminal buildings, the utility systems within the Airport and all other common use systems owned and operated by the City. For their part, the Signatory Airlines and the non-Signatory Airlines are individually required to repair and maintain in good condition the premises leased or assigned to each of them, including that portion of the utility systems serving each of their exclusive use facilities.

Concession Agreements

The City has agreements to lease space at the Airport to certain concessionaires who provide food, beverages, news and gift, and other retail items to the users of the Airport. The City has entered into concession agreements with Host International (Host) for the food and beverage operations, with the Paradies Shops (Paradies) for news & gift retail operations, and with InMotion Entertainment ("InMotion") for specialty retail at the Airport. The contract with Host will expire in January, 2020, and the contract with InMotion will expire on November 30, 2015. The contract with Paradies will expire on January 31, 2013. The solicitation for bid for news & gift retail operations is on the street, with a bid opening scheduled for June 28, 2012. It is anticipated that a new concession agreement for retail operations will be in place February 1, 2013.

Terminal concession revenue represented 55% of total concession revenue and 17.1% of the total operating revenue in FY 2011, compared to 15.7 in FY 2010.

The City has entered into an Operating Agreement for Management and Operation of Parking Facilities with AMPCO System Parking, Inc., a division of ABM, Inc. Under this contract, the City retains all receipts from the parking operation and periodically reimburses the parking management company for expenses. Parking revenue represented 44% of total concession revenue and 13.5% of total operating revenue in FY 2011.

The City has rental car concession agreements with Hertz, Avis, Budget, Alamo, National, Enterprise, and Thrifty for the operation of rental car facilities on the Airport. These concession agreements will expire on December 31, 2015. The Airport receives the greater of the Minimum Annual Guarantee (MAG) payment under such concession agreements or 10% of the gross receipts from each operator.

AIRPORT OPERATIONS

Air Carrier Service

Listed below are air carriers currently serving the Airport (April 2012):

Major Air Carriers	**Regional Air Carriers**	**Air Cargo Carriers**
Air Tran[1]*	Air Canada Jazz[3]	Air Transport International[3]
Alaska[1]	Air Choice One	Capital Cargo International[3]
American[1]	Air Wisconsin[2] (US Airways)	China Cargo[3]
Delta[1]	American Eagle[2] (American)	Federal Express[1]
Frontier[1]	Atlantic Southeast[2] (Delta)	United Parcel Service[1]
Southwest[1]	Cape Air[1]	
United[1]**	Chautauqua[2] (Delta, Frontier, United)	
US Airways[1]	Comair[2] (Delta)	
	Compass[2] (Delta)	
	ExpressJet[2] (United)	
	Go Jet[2] (Delta, United)	
	Mesa[2] (US Airways)	
	Mesaba[2] (Delta)	
	Pinnacle[2] (Delta)	
	PSA[2] (US Airways)	
	Republic[2] (US Airways)	
	Shuttle[2] (Delta, United)	
	Skywest[2] (Delta, United)	
	Sun Country[3]	
	Trans States[2] (United, US Airways)	

1. Signatory Airline (holds current Airport Use and Lease Agreement)
2. Non-Signatory Airline (holds current Airline Operation Agreement and Terminal Building Lease Agreement) that has been named a Designated Affiliate of a Signatory Airline.
3. Non-Signatory Airline that has not been named a Designated Affiliate of a Signatory Airline.

* AirTran Airlines has merged with Southwest Airlines, but each currently retain separate operations at the Airport

** Continental Airlines has merged with United Airlines and, as of March 3, 2012, has combined operations at the Airport.

Airline Market Shares

In FY 2010, Southwest Airlines replaced American Airlines as the carrier with the largest share of enplanements at the Airport. Southwest's share of enplanements at the Airport increased from 37% in FY 2010 to 45% in FY 2011.

American Airlines' and its affiliates' share of enplanements decreased from 31% in FY 2010 to 18% in FY 2011.

For the last three fiscal years and the first nine months of FY 2012, the number of enplanements and corresponding shares of Southwest Airlines and American Airlines and American Eagle are as follows:

Annual Enplanements of Largest Carriers

				(July-March)
Enplanements	FY 2009	FY 2010	FY 2011	FY 2012
Southwest	2,125,842	2,317,797	2,785,943	2,136,108
American Airlines	1,982,357	1,551,390	1,112,834	782,615
American Eagle	710,576	375,996	13,304	13,138
Total	2,692,933	1,927,386	1,126,138	795,753
Market Share				
Southwest	31.8%	36.9%	44.9%	45.5%
American Airlines	29.7%	24.7%	17.9%	16.6%
American Eagle	10.6%	6.0%	0.2%	0.3%
Total	40.3%	30.7%	18.1%	16.9%
All Others	29.0%	32.4%	37.0%	37.6%

Source: Airport Management

As a group, mainline air carriers accounted for the majority of enplanements; their combined share increased from 75.7% in FY 2010 to 79.8% in FY 2011.

Passenger Enplanements

Passenger enplanements at the Airport are categorized as either origination and destination ("O&D") activity or connecting activity. The following table shows the O&D activity and connecting activity for the period from FY 2007 through FY 2011 and the first ten months of FY 2012. O&D activity is influenced by local market factors and tends to track economic and demographic trends. Connecting activity is determined primarily by airlines' network strategies.

The trends in O&D and connecting traffic at the Airport clearly show the fundamental changes in the Airport's role from a primary to a medium hub in American Airlines' route system and in the Airport's underlying traffic base. The downsizing of American Airlines' operations at the Airport has caused a significant decline in connecting traffic, with the connecting segment share falling from more than 50% prior to FY 2004 to 14% in FY 2011. In FY 2011, the O&D segment accounted for 86% of the total enplanements at the Airport.

LAMBERT-ST. LOUIS INTERNATIONAL AIRPORT
O&D AND CONNECTING ENPLANEMENTS
FYs 2007-2011 and 9 MONTHS FY 2012

Fiscal	O&D		Connecting		Total
Year	Actual	Share	Actual	Share	Enplanements
2007	5,740,674	76.1%	1,802,595	23.9%	7,543,269
2008	5,848,852	76.8%	1,762,267	23.2%	7,611,119
2009	5,360,716	80.2%	1,322,649	19.8%	6,683,365
2010	5,259,843	83.8%	1,016,283	16.2%	6,276,126
2011	5,341,132	86.0%	870,163	14.0%	6,211,295
2011 (9 months)	3,925,042	86.1%	635,015	13.9%	4,560,057
2012 (9 months)	4,004,053	85.6%	674,141	14.4%	4,678,194

Source: Airport Management Records

The significant decline in connecting traffic at the Airport beginning in FY 2004 was largely due to American Airlines' reduction of the number of flights to and from the Airport in November 2003 by more than half (from 387 daily departures in November 2002 to 193 daily departures in November 2003) and further service reductions in recent years prompted by their decision to streamline operations.

The 2008-2009 U.S. economic recession weakened the demand for air transportation, including both cargo and passenger service. Airlines responded by cutting capacity system-wide. Traffic growth is beginning to return with the economic recovery. O&D enplanements at the Airport posted a positive year-over-year growth of 2.5 percent for the first 9 months of FY 2012. Connecting enplanements also posted a positive year-over-year growth of 7.4 percent for the first 9 months of FY 2012.

In the first half of CY 2012, Southwest Airlines averaged 86 daily non-stop departures from the Airport to 31 domestic destinations. Southwest had no scheduled direct flights from the Airport to any international destinations. American Airlines scheduled 31 daily non-stop departures from the Airport to 7 domestic destinations, of which 30 daily departures were by its mainline service. For the month of March 2012, American had no direct flights from the Airport to any international destinations.

Recent Air Service Trends

Since 2004, American Airlines has implemented cuts in service at the Airport. These cuts, however, have been partly offset by service expansion by Southwest Airlines and Delta Airlines. In the first quarter of CY 2012, Southwest Airlines, together with merged AirTran Airways, averaged 91 daily non-stop departures from the Airport to 32 domestic airport destinations. Delta Airlines, together with its regional affiliates, averaged 36 daily non-stop departures to 10 domestic airport destinations. American Airlines, together with American Eagle, averaged 31 daily departures to seven domestic airport destinations. None of these three airlines had non-stop flights to airports outside the United States. In total, there were 252 daily non-stop departures, on average, by all airlines from the Airport to 57 domestic destinations, and an average of three daily departures to five airports outside the United States during the first quarter of CY 2012.

Risk Management

The Airport is exposed to various risks of loss related to torts, such as theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters, including tornadoes and high winds. The Airport participates in the Public Facilities Protection Corporation ("PFPC"), an internal service fund of the City of St Louis, Missouri. The purpose of PFPC is to account for risks in which the City is self-insured, which are primarily workers' compensation, certain general liability claims and various other claims and legal actions. All self-insured claims, liabilities and payments are recorded in PFPC. The Airport reimburses PFPC for workers' compensation claims on a cost-reimbursement basis.

The Airport purchases commercial insurance for risks that are significant and which are not covered by the City's self-insurance program. These coverages include commercial general liability, property damage, business interruption, public officials' liability, employment practices liability, employee dishonesty, business auto, and insurance on the fine arts collection. Policies which include terrorist coverage for commercial liability remain unavailable on reasonable financial terms and with meaningful coverage amounts.

The Airport has a commercial liability insurance policy with a limit of $100 million and an excess liability policy with a limit of $250 million. The Airport's property insurance has a limit of $830 million. The Airport also has an automobile policy and an excess automobile policy with total coverage of $1 million, as well as public official and employee liability coverage of $7 million. All policies provide coverage through October 1, 2012.

Most of the damage from the April 22, 2011, tornado is expected to be covered under existing policies for both property damage and business interruption. See **"THE AIRPORT—Recent Events – Tornado Damage"** herein.

In addition to the coverage stated above, the City created a Rolling Owner Controlled Insurance Program ("ROCIP") to provide workers' compensation, and general and special liability insurance to protect all enrolled contractors and their subcontractors doing business with the Airport. The ROCIP is designed to reduce conflicts among contractors and insurance providers and increase liability protection for all participants.

AIRPORT MANAGEMENT

Introduction

The Airport is owned by the City and operated by the Airport Authority. The Airport Authority was created by the City's Board of Aldermen by an ordinance adopted in 1968 and consists of the Airport Commission, the Airport Authority's Chief Executive Officer and other managers and personnel required to operate the Airport. The Chief Executive Officer of the Airport Authority is the Director of Airports who is appointed by the Mayor for a term that runs concurrently with the Mayor's term of office or until his or her successor is appointed.

The Airport Commission is responsible for the planning, development, management and operation of the Airport. The Airport Commission currently consists of the Director of Airports, who serves as Chairman of the Airport Commission, the Comptroller of the City, the President of the Board of Aldermen, the Chairman of the Transportation and Commerce Committee of the Board of Aldermen, six members appointed by the Mayor, five members appointed by the St. Louis County Executive, one member appointed by St. Charles County, Missouri, and one member appointed by St. Clair County, Illinois. The present members of the Airport Commission are set forth in the front portion of this Official Statement.

Airport Staff

The Airport Commission and the Director of Airports have an Airport staff to aid them in carrying out their responsibilities. Key members of the Airport staff include three Deputy Directors.

Rhonda Hamm-Niebruegge became the Director of Airports on January 3, 2010. Ms. Hamm-Niebruegge has more than two decades of aviation management experience with key leadership positions with Ozark Airlines, TWA and American Airlines. She previously served as American Airlines Manager Director, St. Louis Operations.

Gerard Slay has served as the Senior Deputy Director of Airports since February 2000. Mr. Slay is responsible for airfield and terminal buildings maintenance and operations. Mr. Slay joined the Airport in 1984 as Airport Maintenance Manager and served in that position until February 2000.

Susan Kopinski joined the Airport in February 2008 as the Deputy Director – Finance and Administration. In this newly created position she is responsible for the following departments: Finance and Accounting, Airport Properties, and the Disadvantaged Business Enterprise (DBE) Program. Ms. Kopinski's prior airport experience includes positions as Airport Finance Director at Detroit Metro Wayne County Airport and Chief Financial Officer at Cleveland Hopkins International Airport.

Cornell F. Mays, AIA, joined the Airport in March 2008 as the Deputy Airport Director of Planning and Development. In this newly created position he is responsible for planning, environmental, engineering, design, and construction. Prior to joining the Airport, Mr. Mays served as Deputy Director of Airports at Detroit Metro Wayne County Airport, where his duties included management of a $2 billion capital improvement plan, including master planning, environmental mitigation projects, surface transportation, business management and capacity projects.

Airport Employees

For Fiscal Year 2012, the Airport has 483 budgeted full-time employee positions and an additional 72 City firefighter personnel who are assigned to the Airport. Approximately 57% of these employees are represented by employee groups. These employee groups are not entitled to strike under Missouri law because the Airport, as a department of the City, is not subject to collective bargaining. Airport employees are covered by the City's pension plan. See **APPENDIX B — "Audited Financial Statements of the Airport"** for additional information on the pension plan.

CAPITAL IMPROVEMENT PROGRAMS AT THE AIRPORT

General

The Airport engages in an on-going basis in various programs to improve the facilities and operations of the Airport. The Airport's improvement programs consist of (i) the Airport development program (the "Airport Development Program" or the "ADP"), (ii) the rolling five-year capital improvement program (the "5-Year CIP"), and (iii) the Noise Compatibility Program. Such Airport improvement programs and the expected sources of financing for those programs are described below.

The ability of the City to finance the improvement programs at the Airport is subject to various factors, including, among others, the amount of Revenues generated by the Airport (including the ability of the Airport to include appropriate amounts of its capital expenditures in the rates and charges of airlines using the Airport), the availability of funds under federal and state programs and the ability of the City to issue Additional Bonds or other indebtedness for Airport purposes (including the City's ability to meet the test for the issuance of Additional Bonds under the Indenture and to comply with legal requirements relating to its incurrence of indebtedness).

The Use Agreements contain restrictions on the issuance of Additional Bonds by the City to finance capital improvements. See **"APPENDIX D — Summary of certain Provisions of the Use Agreements and the Operating Agreements."**

The Airport Development Program

The Airport's current ADP includes plans for Airport development over a 20-year planning period, which is to be accomplished in phases.

The City completed the first phase of the ADP in April 2006 (herein referred to as "Phase 1 of the ADP"). The major element of Phase 1 of the ADP was the construction of a new parallel runway, including the acquisition of certain land adjacent to the Airport and constructing certain related improvements. Phase 1 of the ADP was implemented over the eight-year period from FY 1999 through FY 2006 at a cost of $1.1 billion. The City funded a portion of the costs of Phase 1 of the ADP from (1) proceeds of Bonds, (2) Airport Improvement Program ("AIP") grants under a Letter of Intent that was awarded to the City by the FAA in November 1998, (3) PFCs and (4) available funds in the Development Fund under the Indenture.

Phase 2 of the ADP provides for certain terminal improvements.

The 5-Year CIP

The City prepares an updated five-year capital improvement program. The Airport's current 5-Year CIP consists largely of projects involving maintenance, refurbishment and modernization of existing Airport facilities and infrastructure planned for FYs 2012 through 2016 at an estimated cost of $202 million. Management is not planning to issue Additional Bonds to fund these improvements. Revenue sources include about $41 million in existing bond proceeds; $94 million in grants; $26 million in PFC revenues (including bonds and projects funded from current revenues); $ 7 million from FAA land sale; and $34 million in Airport Development Fund (the "Development Fund") money, which are net revenues remaining after meeting operating expenses, debt service and other required deposits.

Many of the 5-Year CIP projects are eligible for 75% AIP funding from the FAA and the City anticipates that it will receive the total eligible AIP funding for all such projects. See **"APPENDIX C - Summary of Certain Provisions of the Indenture"** for additional information on the Development Fund.

The City also plans to undertake a terminal explosives detection systems ("EDS") Long-Term Baggage Screening project. The Use Agreements allow the City to undertake and recover the cost of the terminal EDS Long-Term Baggage Screening project, currently estimated at $45 million, without seeking a review by the Signatory Airlines, but only if not less than 75% of the total cost of the project is funded with federal grants. It is anticipated that 90% of the eligible cost of the EDS project will be paid by a federal grant.

Noise Compatibility Program

For over three decades, the Airport has worked with communities adjacent to the Airport that were being impacted by aircraft noise. The Airport conducted four noise studies during this period that have been used to address noise impacts on residents. The studies follow applicable Code of Federal regulations (CFRs) and have allowed the Airport to be eligible to receive federal grants to finance approved noise mitigation projects. The 2010 CFR Part 150 Noise Compatibility Study Update was the latest noise study and was approved by the FAA in August, 2011.

Through FY 2011, the Noise Compatibility Program has expended, encumbered, or committed approximately $380 million for noise mitigation measures. These measures have included the following: property acquisition, relocation of the Berkeley High School Campus, acoustical treatment of eight schools, sound insulation and avigation easement purchases for residential properties, and installation of a noise monitoring system.

The City has committed an additional $3 million to the Residential Sound Insulation Program (RSIP). It is anticipated that the RSIP will be concluded in the first quarter of CY 2013 and all eligible residential units within the Airport noise contours will have been mitigated for aircraft noise. A further $1 million will be committed to procure an upgraded noise monitoring system.

The Noise Compatibility Program has been funded with bonds, federal grants-in-aid, Passenger Facility Charges, and the FAA Land Sale Account. The City expects to finance the remaining portions of the program with FAA Land Sale funds and discretionary grants from the Airport Improvement Program. The grant matching funds will be provided from anticipated PFCs or, if needed, the Airport Development fund. The City does not anticipate using Bond proceeds to complete the noise program.

AIRPORT FINANCIAL INFORMATION

Revenues and Expenses

The financial statements of the Airport for the Fiscal Years ended June 30, 2011 and June 30, 2010, included in **APPENDIX B - "Audited Financial Statements of the Airport"** to this Official Statement have been audited by KPMG LLP, independent auditors.

The following table sets forth the historical revenues and expenses and certain Bond-related data of the Airport for the five Fiscal Years ended June 30, 2011 and the nine-month period ended March 31, 2012, and 2011. Such Fiscal Year information is based primarily upon the audited financial statements of the Airport for such Fiscal Years; such nine-month information has been prepared by management of the Airport and is unaudited.

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LAMBERT-ST. LOUIS INTERNATIONAL AIRPORT
Airport Revenues and Expenses and Certain Bond-Related Data (in thousands)

	(Fiscal Years Ended June 30)					(9 months ended)	
	2007	**2008**	**2009**	**2010**	**2011**	**03/30/2011 Unaudited**	**3/30/2012 Unaudited**
GARB Revenues							
Air Carrier Fees	$ 81,190	$ 86,011	$ 91,753	$ 91,439	$ 82,262	$ 59,555	$ 67,789
Concession Fees	36,959	42,597	37,404	38,476	38,136	28,058	28,610
Cargo/Other Revenues	7,617	5,997	5,292	5,523	5,809	4,309	4,701
Airline Revenues Mitigation	6,000	5,000	-	-	-	-	13,728
Miscellaneous Income	-	-	-	8,522	21,469	14,830	687
Interest Income	6,296	5,715	2,952	2,026	1,981	1,237	880
Total GARB Revenues	138,062	145,320	137,401	145,986	149,657	107,990	116,395
Pledged PFC Revenues	25,884	25,555	24,096	27,135	27,195	20,396	17,897
Total Revenues	163,946	170,875	161,497	173,121	176,852	128,386	134,292
Total Operating Expenses	81,317	88,308	82,549	80,168	81,359	57,579	52,736
Net Revenues	82,629	82,567	78,948	92,953	95,493	70,807	81,556
Aggregate Annual Debt Service on Outstanding Bonds	63,181	64,021	62,836	72,135	75,631		
Debt Service Coverage	1.31x	1.29x	1.26x	1.29x	1.26x		

Management Discussion of Financial Information

GARB Revenues. GARB Revenues for the Fiscal Year ended June 30, 2011, were $150 million, which represents an increase of nearly $4 million, or 2.5%, compared to the Fiscal Year ended June 30, 2010. The increase is primarily due to a transfer of available moneys from the Development Fund to pay the second year's debt service payment on the Series 2009 A-2 Bonds and higher airline incentives incurred during FY 2011. However, the higher airline incentives were partially offset by a decline in air carrier fees because of reduced airfield charges and lower terminal revenues.

PFC Revenues, Including Pledged PFC Revenues. The Airport collected a total of $25 million in PFC Revenues (including interest earnings) during the Fiscal Year ended June 30, 2011. The Pledged PFC Revenues for FY 2011 were approximately $27 million and are included in Total Revenues. The current PFC rate is $4.50 per passenger. The Airport has received FAA approval to collect and use approximately $1.1 billion in PFC Revenues through September 2026. As described above, only a portion of the PFC Revenues is pledged under the Indenture. The portion of PFC Revenues that constitutes Pledged PFC Revenues is an amount equal to 125% of the debt service on Bonds allocable to projects approved for PFC funding.

Total Revenues. The total amount of Revenues pledged pursuant to the Indenture for the Fiscal Year ended June 30, 2011, was $177 million, consisting of $150 million in GARB Revenues and $27 million in Pledged PFC Revenues.

Operation and Maintenance Expenses. Operation and maintenance expenses for the Fiscal Year ended June 30, 2011, were approximately $81 million, which represents an increase of $1 million or nearly 1.5% compared to the Fiscal Year ended June 30, 2010. The increase is primarily due to a loss on the sale of surplus property by the Airport, as addressed below, and an increase in deicer expenses during FY 2011, offset by a decrease in salaries and fringes benefits.

Net Revenues. The Airport's Net Revenues for the Fiscal Year ended June 30, 2011, were approximately $95 million, which represents an increase of approximately $2.5 million over the Fiscal Year ended June 30, 2010. The increase in Net Revenue is primarily due to the increase in GARB Revenues that are partially offset by higher operation and maintenance expenses.

During FY 2008, the Airport recognized a loss of $30,532,000 under generally accepted accounting principles. This loss was principally the result of the sale of surplus property by the Airport. **See Appendix B — "Audited Financial Statements of the Airport," Note 16** to this Official Statement.

Unaudited Fiscal Year To Date ("FYTD") for 9 months ended March 31, 2012, compared to March 31, 2011. The Net Revenues for the FYTD ended March 31, 2012, were nearly $82 million, which represents an increase of nearly $11 million over the FYTD period ended March 31. The $11 million increase is comprised of an increase of $8.4M in GARB Revenue, offset by a decrease of $4.8M in Total Operating Expenses and a decrease of $2.5M in PFC Revenue.

FACTORS AFFECTING THE AIRPORT AND THE AIR CARRIER INDUSTRY

General

The City's ability to collect Revenues may be affected by the ability of the airlines operating at the Airport to meet their respective obligations under the Use Agreements, the Operating Agreements and other arrangements. In addition, the level of aviation activity at the Airport can have a material impact on the amount of Revenues and PFC Revenues of the Airport. The amount of the PFC Revenues is based upon the number of enplanements at the Airport, thus, any decrease in enplanement levels, whether due to a general decrease in aviation activity nationwide or a decrease in aviation activity at the Airport specifically, will cause a decrease in the amount of the PFC Revenues received by the Airport. The amount of moneys to be deposited into the Revenue Fund in any given month is also dependent upon the level of concession and non-air carrier revenues, which is dependent upon activity at the Airport. Amounts available for deposit in the Revenue Fund could be adversely affected by delays or defaults in the payment of rates and charges by the air carriers at the Airport.

The generation of Revenues from the operation of the Airport depends on various factors, many of which are not subject to the control of the Airport, including, as noted above, the ability of the airlines serving the Airport to meet their respective obligations under the Use Agreements and the Operating Agreements. The revenues and financial condition of the airlines serving the Airport may be materially affected by many factors including, without limitation, the following: declining air travel demand; service and cost competition; mergers; the availability and cost of fuel and other necessary supplies; high fixed costs; high capital requirements; the cost and availability of financing; technological changes; national and international disasters and hostilities; the cost and availability of employees; strikes and other employee disruptions; the maintenance and replacement requirements of aircraft; the availability of routes and slots at various airports; litigation liability; regulation by the federal government; environmental risks and regulations; noise abatement concerns and regulation; deregulation; federal and state bankruptcy and insolvency laws; acts of war, terrorism and other risks.

Aviation Security Requirements

The FAA has instituted several security and safety measures for all U.S. airports, including enhancing the search and security checks and prohibiting unticketed persons beyond security checkpoints. The Aviation and Transportation Security Act (the "Aviation Security Act") created the Department of Homeland Security ("DHS") and the Transportation Security Administration, and provided for the federalization of airport security. The Aviation Security Act permits the deployment of air marshals on all flights and requires deployment of air marshals on all "high risk" flights. The Aviation Security Act also requires that sufficient EDS be deployed at airports in the United States to screen all checked baggage. Such security enhancements have resulted in additional costs to the Airport, caused delays to travelers and have discouraged air travel by some members of the public. The airlines and the federal government are largely responsible for the cost of implementing the new security measures.

Revenues from Air Carriers

Historically, the airline industry's results have corresponded with the performance of the economy. Air carrier fares have an important effect on passenger demand, particularly for relatively short trips where the automobile or other travel modes are alternatives and for price-sensitive "discretionary" travel, such as vacation travel. Airfares are influenced by air carrier operating costs and debt burden, passenger demand, capacity and yield management, market presence and competition.

Air Carrier Service and Routes

While passenger demand at an airport depends on the population and the economy of the region served, air carrier service and the number of passengers enplaned also depend on the route networks of the air carriers serving the airport. Domestic air carriers are free to enter or leave individual air traffic markets, and to increase or decrease service at will, and there can be no assurance that any air carrier will maintain its current level of service at the Airport. Most major air carriers have developed "hub-and-spoke" route networks as a means of increasing their service frequencies, passenger volumes and profitability. Changes in air carrier activity at the Airport can significantly impact Revenues.

Low-cost Carriers and Low-fare Divisions of Legacy Carriers

In recent years, low-cost carriers have accounted for an increasing share of the domestic U.S. passenger market at the expense of the legacy carriers. Nationally, low-cost carrier service accounted for approximately 10% of passenger traffic in the early 1990's and increased to approximately 28% in 2010. Increased competition from low-cost carriers has placed additional pressure on the legacy carriers to institute further cost-cutting measures, reduce their fares to remain competitive and introduce their own low-fare divisions.

Aviation Fuel Costs

According to the Air Transportation Association, fuel is the second largest cost component of airline operations after labor and continues to be an important and uncertain determinate of an air carrier's operating economics. Fluctuating fuel prices have caused corresponding fluctuations in airfares and air carrier operating results.

The price of jet fuel more than tripled since 2002, peaking near $4.00 per gallon in 2008, while the U.S. Consumer Price Index, the price of a representative basket of U.S. goods and services, increased only 25%. As a result, according to the Air Transport Association (ATA), fuel expenses, which historically ranged from 10% to 15% of U.S. passenger airline operating costs, now run between 30% and 50%.

Fuel prices dropped during the recession and bottomed out below $2.00 per gallon in early 2009. Since then prices have been increasing and in May 2011 reached in excess of $3.00 per gallon.

FINANCIAL CONDITION OF CERTAIN AIRLINES SERVING THE AIRPORT

General

The Airport derives its operating revenues primarily from landing and facility rental fees. The financial strength and stability of the airlines serving the Airport, among other factors, including the decisions of individual airlines regarding levels of service, affect the level of aviation activity at the Airport and Airport Revenues. For information regarding airline activity at the Airport, see **"CERTAIN INVESTMENT CONSIDERATIONS - Airline Activity at the Airport."**

The principal airlines serving the Airport are Southwest and American Airlines, which is a subsidiary of AMR Corporation ("AMR"). For the twelve months ended June 30, 2011, Southwest accounted for approximately 36% of the total airline rentals, fees and charges component of the Airport's operating revenue and approximately 45% of total enplanements. For the twelve months ended June 30, 2011, American Airlines accounted for approximately 23% of the total airline rentals, fees and charges component of the Airport's operating revenue and approximately 18% of total enplanements, including regional affiliates. Delta Airlines accounted for approximately 14% of the total enplanements, including affiliates.

Certain limited information regarding the financial condition of AMR, Southwest and certain other airlines operating at the Airport is set forth below.

No assurance can be given that Southwest or AMR and its affiliates will continue their operations at their existing levels at the Airport. Any further reduction in such operations could have a material adverse impact on aviation activity at the Airport and, consequently, on Airport Revenues.

Southwest

According to information filed with the SEC, Southwest reported earnings of $459 million ($0.61 per diluted share) in 2010 compared to net profit of $99 million ($0.13 per diluted share) in 2009. In 2010, Southwest posted a profit for its 38th consecutive year.

During 2010 Southwest entered into an agreement to acquire Air Tran Holdings, Inc. The merger received necessary approvals from the board of directors of each company and regulatory approvals and became effective in May 2011.

Southwest reported first quarter net income of $5 million ($0.01 per diluted share) for the three months ended March 31, 2011, compared to net income of $11 million ($0.01 per diluted share) for the three months ended March 31, 2010. Such three-month information is unaudited.

The above information is derived principally from, and is qualified by, the information contained in Southwest's Form 10-K for the year ended December 31, 2010, and Form 10-Q for the quarter ended March 31, 2011, filed with the SEC. More complete information is contained in such filings. See ***"Additional Information"*** *below.*

AMR

AMR and various of its direct and indirect domestic subsidiaries (the "AMR Debtors"), including American Airlines and American Eagles Airlines, Inc. ("American Eagle"), both of whom operate at the Airport, filed for Chapter 11 bankruptcy protection on November 29, 2011 in the United States Bankruptcy Court, Southern District of New York (the "Bankruptcy Court").

While in bankruptcy, the AMR Debtors are operating as "debtors in possession" under the jurisdiction of the Bankruptcy Court and the applicable provisions of the Bankruptcy Code. In general, as debtors in possession under the Bankruptcy Code, the AMR Debtors are authorized to continue to operate as ongoing businesses but may not engage in transactions outside the ordinary course of business without the prior approval of the Bankruptcy Court. The Bankruptcy Code enables the AMR Debtors to continue to operate their businesses without interruption, and the Bankruptcy Court has granted additional relief covering, among other things, obligations to (i) employees, (ii) taxing authorities, (iii) insurance providers, (iv) independent contractors for improvement projects, (v) foreign vendors, (vi) other airlines pursuant to certain interline agreements, and (vii) certain vendors deemed critical to the AMR Debtors' operations.

According to information filed with the Bankruptcy Court and the SEC, American Airlines and American Eagle have engaged in negotiations with their unions to modify their collective bargaining agreements ("CBAs") on a consensual basis to achieve labor cost savings. As of March 2012, American Airlines and American Eagle had not reach consensual agreements with their unions and filed motions requesting approval of the Bankruptcy Court to reject their CBAs. Rejection of the CBAs is appropriate if the Bankruptcy Court finds that the proposals offered to the unions by the debtors are necessary for their reorganization, are fair and equitable, and that the unions refused to agree to the proposals without good cause. The ultimate resolution of American Airlines's and American Eagle's union negotiations cannot be determined at this time.

The AMR Debtors have not yet filed with the Bankruptcy Court a plan of reorganization. On March 23, 2012, the Bankruptcy Court entered an order pursuant to Section 1121(d) of the Bankruptcy Code extending the exclusivity periods during which only the AMR Debtors have the right to file a plan of reorganization and solicit and obtain acceptances of such plan. The date until which the AMR Debtors have to file a plan of reorganization has been extended through and including September 28, 2012. If the AMR Debtors file a plan of reorganization on or prior to such date, the AMR Debtors have an exclusive period to solicit and obtain acceptances for such plan through and including November 29, 2012. These extensions are without prejudice to the AMR Debtors' right to seek further extensions of the exclusivity periods or a party in interest's right to seek to terminate the exclusivity periods.

According to information filed with the Bankruptcy Court, the AMR Debtors requested the extension of its exclusivity period so that they could, among other items, remain focused on "preserving and enhancing going concern values and restructuring American's financial condition and operations to achieve a competitive and sustainable cost structure and, thus, achieve the objectives of chapter 11 - a successful reorganization." Motion of Debtors Pursuant to 11 U.S.C. § 1121(d) to Extend Exclusivity Periods, Doc. 1657, Filed March 8, 2012.

According to information filed with the SEC, AMR reported a net loss of $1.979 billion ($5.91 per diluted share) in 2011, a net loss of $471 million ($1.41 per diluted share) in 2010, and a net loss of $1.468 billion ($4.99 per diluted share) in 2009. AMR reported a net loss of $1.660 billion for the three months ended March 31, 2012, compared to a net lost of $436 million for the three months ended March 31, 2011. Such three-month information is unaudited. For the three month period ended March 31, 2012, AMR attributes $1.401 billion to reorganization items including aircraft financing renegotiations and rejections, rejection of facility bond related obligations, and professional fees.

According to information filed with the SEC, at March 31, 2012, AMR had $4.8 billion in unrestricted cash and short-term investments and $771 million in restricted cash and short-term investments, both at fair value, versus $4.0 billion in unrestricted cash and short-term investments and $738 million in restricted cash and short-term investments at December 31, 2011. AMR's unrestricted short-term investment portfolio consists of a variety of what AMR believes are highly liquid, lower risk instruments including money market funds, government agency investments, repurchase investments, short-term obligations, corporate obligations, bank notes, certificates of deposit and time deposits.

According to information filed with the SEC, AMR reported a net loss of $471 million ($1.41 per diluted share) in 2010, and a net loss of $1.468 billion ($4.99 per diluted share) in 2009. AMR reported a net loss of $436 million for the three months ended March 31, 2011, compared to net loss of $505 million for the three months ended March 31, 2010. Such three-month information is unaudited.

The above information is derived principally from, and is qualified by, the information contained in Orders entered by the Bankruptcy Court in the AMR Debtors' bankruptcy cases, pleadings filed on behalf of the AMR Debtors in their bankruptcy cases, and AMR's Form 10-K for the year ended December 31, 2010, Form 10-K for the year ended December 31, 2011, Form

*10-Q for the quarter ended March 31, 2011, and Form 10-Q for the quarter ended March 31, 2012 filed with the SEC. More complete information is contained in such filings. See **"Additional Information"** below.*

Certain Other Airlines

In CY 2011, UAL Corporation (including its regional affiliates) had a 5.9% market share at the Airport.

In CY 2011, US Airways (including its regional affiliates) had a 6.5% market share at the Airport.

Delta Airlines and Northwest Airlines merged in April 2008 creating the world's largest airline operating under a single name, Delta. In CY 2011, Delta Airlines (including its regional affiliates) had a 15% market share at the Airport.

Frontier Airlines Holdings, Inc. filed for bankruptcy protection on April 10, 2008. On June 22, 2009, Frontier Airlines Holdings, Inc. announced that it had reached an investment agreement with Republic Airways Holdings Inc. by which Republic will serve as equity sponsor for Frontier's plan of reorganization, allowing Republic to purchase 100% of the equity in the reorganized company for $108.75 million Frontier Airlines emerged from bankruptcy on October 1, 2009, as part as Republic Airlines. Frontier's market share at the Airport was 2% in CY 2011.

There can be no assurance that any such airline will continue to operate at the Airport or at its current level of operation; nor can there be any assurance that any airline operating at the Airport is not incurring or will not incur financial difficulties affecting its level of operations at the Airport or its ability to continue to operate as a viable airline.

Additional Information

Most of the Signatory Airlines, including American Airlines, Southwest, Delta Airlines and United Airlines (or their parent corporations), and certain other air carriers operating at the Airport (or their parent corporations), are subject to reporting requirements of the Exchange Act, and, in accordance therewith, file reports and other information with the SEC. Certain information, including financial information, concerning each reporting Signatory Airline (or its parent corporation) is contained in such documents filed with the SEC. Such documents can be read and copied at the SEC's Public Reference Room located at 450 Fifth Street, N.W., Washington, D.C. Further information regarding the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. Documents filed with the SEC can also be obtained at the SEC's Internet website at http://www.sec.gov. In addition, each domestic Signatory Airline is required to file periodic reports of financial and operating statistics with the U.S. Department of Transportation. Such reports can be inspected at the following location: Office of Airline Information, Bureau of Transportation, Room 4201, 400 Seventh Street, S.W., Washington, D.C. 20590, and copies of such reports can be obtained from the U.S. Department of Transportation at prescribed rates.

Neither the City nor the Underwriters undertake any responsibility for or make any representation as to the accuracy or completeness of (i) any reports and statements filed with the SEC or the U.S. **Department of Transportation or (ii) any material contained on the SEC's website as described in the preceding paragraph, including, but not limited to, updates of information on the SEC website or links to other internet sites accessed through the SEC's website.**

CERTAIN INVESTMENT CONSIDERATIONS

The Series 2012 Refunding Bonds may not be suitable for all investors. Prospective purchasers of the Series 2012 Refunding Bonds should give careful consideration to the information set forth in this Official Statement, including, but not limited to, the matters referred to in the following summary.

Airline Activity at the Airport

The Airport derives a substantial portion of its operating revenues from landing and facility rental fees. The financial strength and stability of the airlines using the Airport, and the number and the percentage of enplaned passengers carried by any one airline, together with numerous other factors, influence the level of aviation activity at the Airport. In addition, individual airline decisions regarding levels of service, particularly numbers of flights and hubbing activity at the Airport, can substantially affect total enplanements.

Southwest is now the largest carrier at the Airport, accounting for approximately 31% of the total airline rentals, fees and charges component of the operating revenue and 37% of total enplanements at the Airport in the twelve months ended June 30, 2010. Southwest has been adversely affected by some of the same economic pressures facing other airlines. No assurances can be given that Southwest will continue to operate at its current level or that, if it reduces or discontinues its operations, its current level of activity will be replaced by other carriers.

American Airlines (including its affiliates) is the second largest carrier operating at the Airport, accounting for approximately 27% of the total airline rentals, fees and charges component of operating revenue and approximately 25% of total enplanements at the Airport in the twelve months ended June 30, 2010. Beginning in 2004, and most recently in April 2010, American Airlines and its affiliates significantly reduced their operating schedules at the Airport. No assurances can be given that AMR will continue its operations at the Airport or that, if it discontinues or further reduces such operations, its activity will be replaced by other carriers. See "**AIRPORT OPERATIONS"** herein.

For information regarding the financial condition of American Airlines and Southwest, see **"FINANCIAL CONDITION OF CERTAIN AIRLINES SERVING THE AIRPORT."**

Airline Industry Factors

The Revenues of the Airport are affected substantially by the economic health of the airline industry and the airlines serving the Airport. See **"FACTORS AFFECTING THE AIRPORT AND THE AIR CARRIER INDUSTRY — General"** and **"FINANCIAL CONDITION OF CERTAIN AIRLINES SERVING THE AIRPORT."**

Certain Factors Affecting the Airport

Enplanements at the Airport, collection of PFCs and the receipt of Revenues have been and may continue to be negatively affected by restrictions on the Airport and the financial condition of the air travel industry. Like many airport operators, the Airport has experienced increased operating costs due to compliance with federally mandated and other security and operating changes. In addition, the FAA may require further enhanced security measures and impose additional restrictions on the Airport, which may affect future Airport results. The City cannot predict the likelihood of the occurrence of future incidents similar to the events of September 11, 2001, the likelihood of future air transportation disruptions or the impact on the Airport or the airlines from such incidents or disruptions. See **"FACTORS AFFECTING THE AIR CARRIER INDUSTRY."**

Regulations and Restrictions Affecting the Airport

The operations of the Airport and its ability to generate revenues are affected by a variety of legislative, legal, contractual and practical restrictions. These include, without limitation, limitations imposed by the Use Agreements and the Operating Agreements (including restrictions on additional indebtedness) and by extensive federal regulations applicable to all airports. The following summarizes some of the applicable regulations and restrictions:

Federal Funding Regulations

The FAA has the power to terminate the authority to impose PFCs if the City's PFC revenues are not used for approved projects, if project implementation does not commence within the time periods specified in the FAA's regulations or if the City otherwise violates FAA regulations. The City's plan of funding for the ADP, the 5-Year CIP and the Noise Compatibility Program is premised on certain assumptions with respect to the timing and amounts of the City's PFC applications, and the availability of PFCs to fund PFC-eligible portions of certain of those projects. In the event that amounts collected through PFCs are lower than expected, the City may elect to delay certain projects or to seek alternative sources of funding, including the issuance of Additional Bonds.

Effect of Bankruptcy on the Use Agreements

In the event of bankruptcy proceedings involving one or more of the Signatory Airlines, the debtor airline or its bankruptcy trustee must determine within a time period determined by the court whether to assume or reject the applicable Use Agreement. However, bankruptcy courts are courts of equity and can grant exceptions to these statutory limitations. In the event of assumption, the debtor airline would be required to cure any prior defaults and to provide adequate assurance of future performance under the relevant document. Rejection of a Use Agreement by any bankrupt Signatory Airline would give rise to an unsecured claim of the City for damages, the amount of which may be limited by the Bankruptcy Code. In general, under the Use Agreements, the City is not permitted to allocate to other Signatory Airlines the rents, fees and charges for facilities surrendered by Signatory Airlines pursuant to a rejection in bankruptcy.

If the bankruptcy of one or more Signatory Airlines were to occur, there can be no assurance that the remaining Signatory Airlines would be able, individually or collectively, to meet their obligations under the Use Agreements. Whether or not a Use Agreement is assumed or rejected in a bankruptcy proceeding, it is not possible to predict the subsequent level of utilization of the gates leased under such agreement. Decreased utilization of gates could have a material adverse effect on Airport operations, as well as on Revenues and ultimately on the cost to the airlines of operating at the Airport. See **"APPENDIX D - "Summary of Certain Provisions of the Use Agreements and the Operating Agreements."**

Limitations on Bondholders' Remedies

The occurrence of an Event of Default under the Indenture, including a failure to make a payment of principal of or interest on the Series 2012 Refunding Bonds, may not result in an acceleration of payment of the Series 2012 Refunding Bonds. As a result, the Airport may be able to continue indefinitely collecting Revenues and applying them to the operation of the Airport, even if an Event of Default has occurred and no payments are being made on the Series 2012 Refunding Bonds. See **"THE SERIES 2012 REFUNDING BONDS - Matters Relating to Enforceability"** and "**— Acceleration."**

Costs of Capital Improvement Programs and Schedule

The estimated costs of, and the projected schedule for, the projects included in the 5-Year CIP, the Noise Compatibility Program and the ADP depend on various sources of funding, including Additional Bonds, PFCs and federal grants, and are subject to a number of uncertainties. The ability of the City to complete these projects may be adversely affected by various factors including: (i) estimating errors; (ii) design and engineering errors; (iii) changes to the scope of the projects; (iv) delays in contract awards; (v) material and/or labor shortages; (vi) unforeseen site conditions; (vii) adverse weather conditions; (viii) contractor defaults; (ix) labor disputes; (x) unanticipated levels of inflation; and (xi) environmental issues, including environmental approvals that the City has not obtained at this time. A delay in the completion of certain projects could delay the collection of Revenues in respect of such projects, increase costs for such projects, and may cause the rescheduling of other projects. Any schedule delays or cost increases could result in the need to issue Additional Bonds and may result in increased costs per enplaned passenger to the airlines serving the Airport that may place the Airport at a competitive disadvantage to other airports. See **"CAPITAL IMPROVEMENT PROGRAMS AT THE AIRPORT"** herein.

Forward Looking Statements

This Official Statement contains statements relating to future results that are "forward looking statements" as described in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "projection," "intend," "expect," and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. The factors that may cause projected revenues and expenditures to be materially different from those anticipated include an inability to incur debt at assumed rates, construction delays, increases in construction costs, general economic downturns, factors affecting the airline industry in general, changes in the levels of operations at the Airport, federal legislation and/or regulations, acts of terrorism and regulatory and other restrictions, including, but not limited to, those that may affect the ability to undertake the timing or the costs of certain projects. Any projection is subject to such uncertainties. Therefore, there are likely to be differences between projections and actual results, and those differences may be material.

REVIEW OF THE AIRPORT CONSULTANT

The City has retained Unison Consulting, Inc. to serve as the airport consultant (the "Airport Consultant") in connection with the issuance of the Series 2012 Refunding Bonds. In that capacity, the Airport Consultant has (i) analyzed the ability of the City to meet its financial obligations related to the Bonds through Fiscal Year 2016 and (ii) prepared a review of the Airport's operating revenues, expenses and air traffic activity, dated June 23, 2011 (the "Review of the Airport Consultant"), which is attached hereto as **APPENDIX A**. The Consultant's Review was commissioned by Airport management for planning purposes and is being provided for informational purposes only. Since the Series 2012 Refunding Bonds are Refunding Bonds, the preparation of the Consultant's Review is not required under the Additional Bonds Test set forth in the Indenture.

Projected Airport Revenues

The following tables present the Airport Consultant's estimates and projections for Fiscal Years 2012 through 2016 of (i) Revenues, (ii) Signatory Airline revenues, cost per enplaned passenger and rates and (iii) debt service coverage calculations with respect to the Bonds.

Total Airport Revenues are projected to increase from $180.7 million in Fiscal Year 2012 to $194.7 million in Fiscal Year 2016 or at an average annual growth rate of 1.9%. Revenues are projected to be sufficient to pay Operation and Maintenance Expenses and meet all of the other funding requirements of the Indenture in each year of the projection period, Fiscal Year 2012 through Fiscal Year 2016.

The average Signatory Airline cost per enplaned passenger is projected to increase from $13.36 in Fiscal Year 2012 to $13.56 in Fiscal Year 2016. The Signatory Airline landing fee rate is projected to increase from $8.18 in Fiscal Year 2012 to $8.34 in Fiscal Year 2016.

In addition, based on its knowledge of comparable airports and its experience in providing financial consulting services to a variety of airports, the Airport Consultant believes the projected airline costs per enplaned passenger at the Airport are reasonable in comparison with other major airports that have completed or are currently implementing major capital improvement programs.

The financial projections presented in the Review of the Airport Consultant are based on information and assumptions that have been provided by Airport management, or developed by the Airport Consultant and confirmed by Airport management. Based upon its review, the Airport Consultant believes that the information is accurate and that the assumptions provide a reasonable basis for the forecasts. However, some variations from the forecasts are inevitable due to unforeseen events and circumstances, and these variations may be material. The Review of the Airport Consultant should be considered in its entirety for an understanding of the forecasts and the underlying assumptions. See **"APPENDIX A — "Review of the Airport Consultant."**

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FORECASTED AIRPORT REVENUES

LAMBERT-ST. LOUIS INTERNATIONAL AIRPORT

FISCAL YEARS ENDING JUNE 30
(IN THOUSANDS)

AIRPORT REVENUES	Avg. Annual Growth Rate 2012-2016	Estimate 2012[2]	Forecast 2013	2014	2015	2016
Signatory Airlines						
Airfield Landing Fees	1.6%	$64,742	$69,355	$69,976	$70,755	$69,028
Terminal Rents	2.6%	18,770	22,237	21,755	22,469	20,835
Total	1.8%	$83,512	$91,592	$91,732	$93,224	$89,864
Concession Fees						
Terminal Concessions	3.5%	$8,489	$8,598	$8,921	$9,311	$9,737
Public Parking	5.7%	17,173	18,626	20,261	20,799	21,421
Car Rentals	3.6%	11,077	11,208	11,646	12,179	12,763
Space Rental	2.1%	1,439	1,469	1,500	1,532	1,564
In-Flight Catering	2.0%	331	338	345	352	359
Other	1.1%	760	769	777	786	795
Total	4.4%	$39,270	$41,008	$43,451	$44,959	$46,640
Other						
Non-Signatory Landing Fees	-14.2%	$3,376	$1,825	$1,851	$1,864	$1,830
Non-Signatory Airlines-Terminal	0.0%	286	286	286	286	286
Total	-12.8%	$3,661	$2,110	$2,136	$2,150	$2,115
Airline Revenue Mitigation [1]	0.0%	13,728	$13,728	$13,728	$13,728	$13,728
Cargo	0.0%	$903	903	903	903	903
Hangars and Other Buildings	2.1%	352	359	366	374	382
Tenant Improvement Surcharge	-0.6%	1,548	1,510	1,510	1,510	1,510
Terminal EDS Surcharges	n/a	0	0	2,500	2,500	2,500
Other Miscellaneous	-12.5%	11,811	6,406	6,566	6,738	6,917
Total Other-Operating	-3.2%	$32,003	$25,017	$27,709	$27,903	$28,055
Total Operating Revenue	1.5%	$154,785	$157,617	$162,891	$166,086	$164,558
Interest Income	-3.2%	$2,080	$2,131	$2,080	$1,875	$1,828
Total GARB Revenues	1.5%	$156,865	$159,747	$164,972	$167,961	$166,386
PFC Pledged Revenue	4.4%	23,863	27,578	27,578	27,577	28,322
Total Revenues	1.9%	180,728	187,326	192,550	195,538	194,708

[1] Reflects amounts expected to be transferred from the Debt Service Stabilization Fund for airline rate mitigation, as further described in this review.

[2] Fiscal Year 2012 Estimates are based on March 2012 year-to-date actuals.

SUMMARY OF SIGNATORY AIRLINE REVENUES,
COST PER ENPLANED PASSENGER,
AND RATES
Lambert-St. Louis International Airport
in thousands except for rates
For Fiscal Years Ending June 30

	Estimate 2012 [1]	Projected 2013	2014	2015	2016
SIGNATORY AIRLINE REVENUES					
Landing Fees	$64,742	$69,355	$69,976	$70,755	$69,028
Terminal 1	$13,544	$15,896	$15,502	$16,010	$14,912
Terminal 2	$5,226	$6,341	$6,253	$6,460	$5,923
TOTAL SIGNATORY AIRLINE REVENUES[2]	$83,512	$91,592	$91,732	$93,224	$89,864
Signatory airline enplaned passenger	6,249	6,193	6,302	6,455	6,625
Signatory Airline CPE post Mitigation [3]	**$13.36**	**$14.79**	**$14.56**	**$14.44**	**$13.56**
SIGNATORY AIRLINE RATES (including Additional Requirement)					
Landing Fee Rate (per thousand lbs)	$8.18	$8.82	$8.83	$8.75	$8.34
Airlines' Terminal Building Rental Rates					
Terminal 1	$59.70	$75.74	$73.86	$76.28	$71.05
Terminal 2	$67.27	$80.91	$79.79	$82.42	$75.57

[1] FY 2012 Estimate based March 2012 year to date actuals taken from Airport records.
[2] Signatory Airline Revenues include both the initial and additional requirements in accordance with the new use agreement.
[3] See Note 1 on "Forecasted Airport Revenues" table above.

Debt Service Coverage

The following table shows the estimated Net Revenues for FY 2012 and the calculation of debt service coverage for Fiscal Years 2012 through 2016.

FORECAST COVERAGE CALCULATIONS

Lambert St. Louis International Airport

in thousands except for rates

For Fiscal years Ending June 30

	Estimate	**Projected**			
	2012	**2013**	**2014**	**2015**	**2016**
Total Revenues	$180,728	$187,326	$192,550	$195,538	$194,708
Less: Operation and Maintenance Expenses	$81,516	$81,138	$85,636	$87,985	$90,403
Net Revenues	$99,212	$106,188	$106,914	$107,553	$104,305
Debt Service Outstanding Bonds [1]	$73,781	$78,746	$78,602	$79,050	$75,660
Debt Service Coverage Ratio	**1.34**	**1.35**	**1.36**	**1.36**	**1.38**

[1] Debt Service reflects the Series 2012 Refunding Bonds per information provided by Wells Fargo.

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TAX MATTERS

The following discussion is a summary of the respective opinions of The Stolar Partnership LLP and White Coleman & Associates, LLC, Co-Bond Counsel to the City ("Co-Bond Counsel"), that are to be rendered on the tax status of interest on the Series 2012 Refunding Bonds and of certain federal income tax considerations that may be relevant to prospective purchasers of the Series 2012 Refunding Bonds. This summary is based on existing law, including current provisions of the Internal Revenue Code, as amended (the "Code"), existing and proposed regulations under the Code, and current administrative rulings and court decisions, all of which are subject to change.

Upon issuance of the Series 2012 Refunding Bonds, Co-Bond Counsel will each provide opinions, expected to be in the proposed form set forth in **APPENDIX F** hereto, to the effect that, based upon an analysis of existing laws, regulations, rulings, and court decisions and assuming, among other matters, compliance with certain covenants, interest on the Series 2012 Refunding Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code, however, no opinion is expressed as to the status of interest on any Series 2012 Refunding Bond for any period that such Series 2012 Refunding Bond is held by a "substantial user" of the facilities financed or refinanced by the Series 2012 Refunding Bonds or by a "related person" within the meaning of Section 147(a) of the Code. The opinions of Co-Bond Counsel are also expected to provide that, under existing law, interest on the Series 2012 Refunding Bonds is treated as an item of preference for purposes of calculating the federal alternative minimum tax that may be imposed under the Code with respect to individuals and corporations.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2012 Refunding Bonds. Failure to comply with these requirements may result in interest on the Series 2012 Refunding Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2012 Refunding Bonds. The City has covenanted to comply with such requirements to ensure that interest on the Series 2012 Refunding Bonds will not be included in federal gross income. The opinions of Co-Bond Counsel will assume compliance with these covenants.

The opinions of Co-Bond Counsel will provide that, under existing law and assuming that interest on the Series 2012 Refunding Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code, interest on the Series 2012 Refunding Bonds is excluded from Missouri taxable income for purposes of the personal income tax and corporate income tax imposed by the State of Missouri. Co-Bond Counsel will express no opinion regarding the applicability with respect to the Series 2012 Refunding Bonds or the interest on the Series 2012 Refunding Bonds of the taxes imposed by the State of Missouri on financial institutions under Chapter 148 of the Revised Statutes of Missouri, as amended.

All purchasers of Series 2012 Refunding Bonds should consult with their tax advisors regarding the taxation of interest on the Series 2012 Refunding Bonds in a particular state or local jurisdiction other than the State of Missouri.

Series 2012 Refunding Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Series 2012 Refunding Bonds, or, in some cases, at the earlier redemption date of such Series 2012 Refunding Bonds ("Premium 2012 Bonds"), will be treated as having amortizable bond premium for federal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium 2012 Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Premium 2012 Bondholder's basis in a Premium 2012 Bond will be reduced by the amount of amortizable bond premium properly allocable to such Premium 2012 Bondholder. Holders of Premium 2012 Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Prospective Bondholders should be aware that certain requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2012 Refunding Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Co-Bond Counsel have not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2012 Refunding Bonds may adversely affect the value of, or the tax status of interest on, the Series 2012 Refunding Bonds. Further, no assurance can be given that pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any regulatory or administrative development with respect to existing law, will not adversely affect the value of, or the tax status of interest on, the Series 2012 Refunding Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Interest paid on tax-exempt obligations such as the Series 2012 Refunding Bonds is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. In addition, interest on the Series 2012 Refunding Bonds may be subject to backup withholding if such interest is paid to a Registered Owner that (a) fails to provide certain identifying information (such as the Registered Owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Although Co-Bond Counsel are of the opinion that interest on the Series 2012 Refunding Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2012 Refunding Bonds may otherwise affect a Bondholder's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Co-Bond Counsel express no opinion regarding any such other tax consequences, and Series 2012 Refunding Bondholders should consult with their own tax advisors with respect to such consequences.

LITIGATION

There is no litigation pending or, to the best knowledge of the City, threatened that would restrain or enjoin the issuance or delivery of the Series 2012 Refunding Bonds, that questions the validity of the Series 2012 Refunding Bonds or the Indenture, concerns any proceedings of the City taken in connection therewith or the pledge or application of any Revenues provided for their payment, or that contests the power of the City with respect to the foregoing.

The Airport is subject to a variety of suits and proceedings arising out of its ordinary course of operations, some of which may be adjudicated adversely. In the opinion of the City Counselor, there is no litigation pending against the City not sufficiently covered by insurance which, if determined adversely, would have a material adverse effect on Airport operations, Revenues or Net Revenues.

UNDERWRITING

Wells Fargo Securities as the representative of itself and the underwriters listed on the cover page of this Official Statement (collectively, the "Underwriters"), has agreed to purchase the Series 2012 Refunding Bonds from the City at an aggregate purchase price equal to $32,564,470.90 (which amount constitutes the aggregate principal amount of the Series 2012 Refunding Bonds, plus original issue premium on the Series 2012 Refunding Bonds of $1,346,004.65, less the Underwriters' discount on the Series 2012 Refunding Bonds of $176,533.75).

The bond purchase agreement between the Underwriters and the City (the "Bond Purchase Agreement") provides that the Underwriters will purchase all of the Series 2012 Refunding Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

The initial public offering prices of the Series 2012 Refunding Bonds may be changed from time to time by the Underwriters.

Loop Capital Markets ("Loop Capital"), one of the underwriters of the Series 2012 Refunding Bonds, has entered into an agreement (the "Distribution Agreement") with UBS Financial Services Inc. ("UBS") for the retail distribution of certain municipal securities offerings at the original issue prices. Pursuant to the Distribution Agreement (if applicable for this transaction), Loop Capital will share a portion of its underwriting compensation with respect to the Series 2012 Refunding Bonds with UBS.

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association.

Wells Fargo Bank, National Association ("WFBNA"), one of the underwriters of the Bonds, has entered into an agreement (the "Distribution Agreement") with Wells Fargo Advisors, LLC ("WFA") for the retail distribution of certain municipal securities offerings, including the Series 2012 Refunding Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting compensation with respect to the Series 2012 Refunding Bonds with WFA. WFBNA and WFA are both subsidiaries of Wells Fargo & Company.

INDEPENDENT PUBLIC ACCOUNTANTS

Included as **APPENDIX B** are the audited financial statements of the Airport as of June 30, 2011 and 2010 and for the fiscal years then ended, together with the report thereon of KPMG LLP, independent public accountants. This Official Statement does not include audited financial information of the Airport after June 30, 2011.

CO-FINANCIAL ADVISORS

Siebert Brandford Shank & Co., L.L.C. and Public Finance Advisors LLC served as co-financial advisors to the City with respect to the sale of the Series 2012 Refunding Bonds. The Co-Financial Advisors assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Series 2012 Refunding Bonds and provided other advice. The Co-Financial Advisors have not independently verified the factual information contained in this Official Statement, but have relied upon information supplied by the City and other sources who have certified that such information contains no material misstatement or omission.

INVESTMENT ADVISOR

Columbia Capital Management LLC ("Columbia Capital") serves as an investment advisor to the Treasurer of the City. Columbia Capital assisted in the planning, investment and allocation of certain accounts authorized by the Indenture. Columbia Capital also provided other advice related to the investment of proceeds of the Series 2012 Refunding Bonds and other funds invested in connection with the Indenture. Columbia Capital has not participated in the preparation, drafting or review of this Official Statement.

AIRPORT CONSULTANT

Unison Consulting, Inc., Chicago, Illinois, has served as the Airport Consultant to the City with respect to the issuance of the Series 2012 Refunding Bonds.

LEGAL MATTERS

All legal matters incident to the authorization, issuance and sale of the Series 2012 Refunding Bonds are subject to the approval of The Stolar Partnership LLP, St. Louis, Missouri, and White Coleman & Associates, LLC, St. Louis, Missouri, Co-Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by the office of the City Counselor, and by SNR Denton US LLP, St. Louis, Missouri, Disclosure Counsel, and for the Underwriters by Polsinelli Shughart, P.C., St. Louis, Missouri. The form of the Co-Bond Counsel opinion is set forth in **APPENDIX F** attached hereto.

CONTINUING DISCLOSURE

The form of the Continuing Disclosure Agreement (the "Disclosure Agreement") entered into by and between the City and the Trustee, as Dissemination Agent, is included as ***APPENDIX G****. All references herein to the Disclosure Agreement are qualified in their entirety by reference to such document. The Disclosure Agreement is available for inspection at the offices of the City.*

The City and the Trustee will enter into a Continuing Disclosure Agreement, pursuant to which the City covenants for the benefit of holders and beneficial owners of the Series 2012 Refunding Bonds to provide (i) audited financial statements of the Airport and certain statistical and operating data relating to the City and the Airport by no later than 210 days following the end of the City's Fiscal Year (which currently ends on June 30 each year) (the "Annual Report"), commencing with the report for the Fiscal Year 2012, and (ii) notice of the occurrence of certain enumerated events, if material. The Annual Report and notices of certain required events will be filed by or on behalf of the City with the information repositories (currently the Municipal Securities Rulemaking Board by filing with its Electronic Municipal Market Access System ("EMMA") at http://emma.msrb.org). These covenants are being made in order to assist such Repository or the Underwriters in complying with the SEC Rule 15c2-12(b)(5) (the "Rule"). The City has never failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of material events.

If an entity is characterized as an "Obligated Person" under the Rule, certain information reporting requirements must be satisfied with respect to such entity. The City has determined that the City is an Obligated Person. The City also has determined that Southwest and American Airlines may be other Obligated Persons. These airlines are subject to the information reporting requirements of the Exchange Act, and in accordance therewith file reports and other information with the SEC, as more fully described in **"FACTORS AFFECTING THE AIR CARRIER INDUSTRY."** The City makes no representation with respect to, and assumes no responsibility for, the accuracy or completeness of, any SEC report filed by, or any information provided by, any Obligated Person other than the City. Unless no longer required by the Rule, the City has agreed in the Disclosure Agreement to use its reasonable efforts to cause each Obligated Person other than the City, if any (to the extent that such Obligated Person is not otherwise required to file SEC reports), to provide to the City annual information substantially equivalent to that contained in the SEC reports. In the event that any such Obligated Person fails to provide to the City annual information substantially equivalent to that contained in the SEC reports, the City shall not be in default under the Disclosure Agreement.

In the event of a failure of the City or the Dissemination Agent to comply with any provision of the Continuing Disclosure Agreement, beneficial owners of the Series 2012 Refunding Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City or the Dissemination Agent, as the case may be, to comply with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement shall not be deemed an event of default under the Indenture or the Series 2012 Refunding Bonds, and the sole remedy under the Continuing Disclosure Agreement in the event of any failure of the City or the Dissemination Agent to comply with the Continuing Disclosure Agreement shall be an action to compel performance

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services ("S&P"), a division of The McGraw-Hill Companies, Inc., have assigned ratings of "Baa1 (stable)" and "A- (negative outlook)" respectively, on the basis of the credit of the Airport.

These ratings should be evaluated independently. No application has been made to any other rating agency in order to obtain additional ratings on the Series 2012 Refunding Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007, and Standard & Poor's Ratings Services, 25 Broadway, New York, New York 10004. Generally, a rating agency bases ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2012 Refunding Bonds.

MISCELLANEOUS

This Official Statement has been duly approved, executed and delivered by the City.

The references in the Official Statement to the Indenture and other documents are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and for full and complete statements of the provisions thereof, reference is made to the Indenture and such other documents. Copies of such documents are on file at the offices of the City and following the delivery of the Series 2012 Refunding Bonds will be on file at the office of the Trustee. All estimates and other statements in this Official Statement involving matters of opinion, whether or not expressly stated, are intended as such and not as representations of fact.

The attached appendices are integral parts of this Official Statement and must be read together with all of the foregoing statement.

THE CITY OF ST. LOUIS, MISSOURI

By:/s/ Francis G. Slay
Francis G. Slay, Mayor

By:/s/ Darlene Green
Darlene Green, Comptroller

APPENDIX A
AIRPORT CONSULTANT LETTER

June 14, 2012

Ms. Rhonda Hamm-Niebruegge
Airport Director
Lambert-St. Louis International Airport
Post Office Box 10212
St. Louis, MO 63145

Re: Review of the projected operating revenues, expenses and air traffic activity --The City of St. Louis, Missouri, Airport Revenue Refunding Bonds, Series 2012 (AMT) (Lambert-St. Louis International Airport)

Dear Ms. Hamm-Niebruegge:

Unison Consulting, Inc. performed a financial review (the Review) in connection with the issuance by the City of St. Louis, Missouri (The City), of the Airport Revenue Refunding Bonds, Series 2012 (AMT) (Lambert-St. Louis International Airport) (collectively the Series 2012 Refunding Bonds). The Series 2012 Refunding Bonds are expected to be issued in the aggregate par amount of approximately $31 million. The Series 2012 Refunding Bonds are being issued to refund all of the City's Airport Revenue Bonds, Series 2002B and Series 2002C. (The aggregate principal and/or interest components of the bonds being refunded are referred to herein as the Refunded Bonds.) The Refunded Bonds were issued in connection with the financing or refinancing of various capital improvements at Lambert-St. Louis International Airport (the Airport or STL).

The Airport is owned by the City and operated by the City of St. Louis Airport Authority (the Authority), an agency of the City. The Airport is the principal airport serving the St. Louis, MO-IL metropolitan statistical area, a region with a population of approximately 2.8 million in 2011. In Fiscal Year (FY) 2011,[1] the Airport enplaned approximately 6.2 million passengers, of which 5.3 million (85.8 percent) were originating passengers and 0.9 million (14.2 percent) were connecting passengers.

[1] The City's fiscal year begins on July 1 and ends on the following June 30.

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Chicago, Illinois ! Orange County, California ! San Antonio, Texas ! St. Louis, Missouri

U.S. airports and airlines faced major challenges over the past decade, including:

- Two U.S. economic recessions: (1) the 2001 recession, which was brief but was followed by a very slow recovery, and (2) the 2008-2009 recession, the longest and deepest recession that the nation experienced since the end of World War II

- The terrorist attacks of September 11, 2001, heightened security measures and related costs

- The significant decline in air travel that followed the terrorist attacks, and more lasting structural changes in the market and the airline industry

- Financial difficulties in the airline industry leading to dramatic structural changes including industry exits, airline mergers, mainline-to-regional route transfers, significant capacity cuts, and other extreme cost-cutting measures, all with adverse short-term effects on airports

- Fuel price volatility, with prices reaching a record peak in 2008 and now rising again to approach that peak

- Adverse weather and natural disasters, disease outbreaks, and wars and civil unrest in different parts of the world.

In addition to these events, the Airport has experienced on-going service reductions by American Airlines since its acquisition of Trans World Airways in 2001. The first round of service cuts led to the significant downsizing of the airline's hub operations at STL in November 2003, as American Airlines consolidated its operations in its other major hubs. American Airlines' continuing efforts to streamline operations and improve its financial position, particularly during the recent economic recession, have prompted further cuts in American Airlines' service at STL and a filing by AMR Corporation, parent company of American Airlines, for Chapter 11 reorganization on November 29, 2011. These service cuts by American Airlines in recent years have been partly offset by service expansion by Southwest Airlines, Delta Airlines and other airlines. **Table 1** on the next page shows the trends in air service at STL since 2004.

While the changes in air service at STL over the past decade have presented operational and financial challenges to Airport management, they have also changed the character of the Airport from a large connecting hub airport with a dominant airline accounting for more than 70 percent of traffic to a medium hub airport serving predominantly O&D traffic with a more diversified airline base. Accounting for forty-seven percent of STL enplanements in FY 2011, Southwest Airlines, along with affiliate AirTran Airways, is now the largest carrier at the Airport. In the same fiscal year, Delta Airlines, together with its regional affiliates, accounted for 14 percent, and American Airlines, with American Eagle, accounted for 18 percent of total STL enplanements. The change in the nature of traffic—now predominantly O&D— and the more diversified mix of air service providers at STL bode positively for long-term traffic stability.

Table 1
TRENDS IN AIR SERVICE AT STL
CY 2004 to the First Half of CY 2012

Total Market	2004	2005	2006	2007	2008	2009	2010	2011	1st Half 2012
Domestic									
Number of Nonstop Destinations	82	85	81	75	72	69	64	57	58
Average Scheduled Daily Departures	340	353	339	317	307	261	225	229	226
Scheduled Departure Seats (000)	10,106	10,509	10,572	10,622	10,285	8,886	8,313	8,610	4,196
International									
Number of Nonstop Destinations	3	7	4	6	5	5	5	6	4
Average Scheduled Daily Departures	2	2	3	4	3	3	3	3	3
Scheduled Departure Seats (000)	50	71	88	128	85	92	96	97	39
Total									
Number of Nonstop Destinations	85	92	85	81	77	74	69	63	62
Average Scheduled Daily Departures	342	355	342	321	310	263	228	232	229
Scheduled Departure Seats (000)	10,157	10,580	10,660	10,750	10,354	8,978	8,409	8,707	4,235

American Airlines	2004	2005	2006	2007	2008	2009	2010	2011	1st Half 2012
Domestic									
Number of Nonstop Destinations	67	72	67	58	48	40	30	7	6
Average Scheduled Daily Departures	198	202	188	156	134	95	43	30	29
Scheduled Departure Seats (000)	4,828	5,084	5,027	4,693	4,144	3,113	1,881	1,608	764
International									
Number of Nonstop Destinations	1	1	1	1	0	0	0	0	0
Average Scheduled Daily Departures	0.2	0.2	0.03	0.04	0	0	0	0	0
Scheduled Seats (000)	15	13	2	2	0	0	0	0	0
Total									
Number of Nonstop Destinations	68	73	68	59	48	40	30	7	6
Average Scheduled Daily Departures	198	203	188	156	134	95	43	30	29
Scheduled Departure Seats (000)	4,843	5,097	5,028	4,695	4,144	3,113	1,881	1,608	764

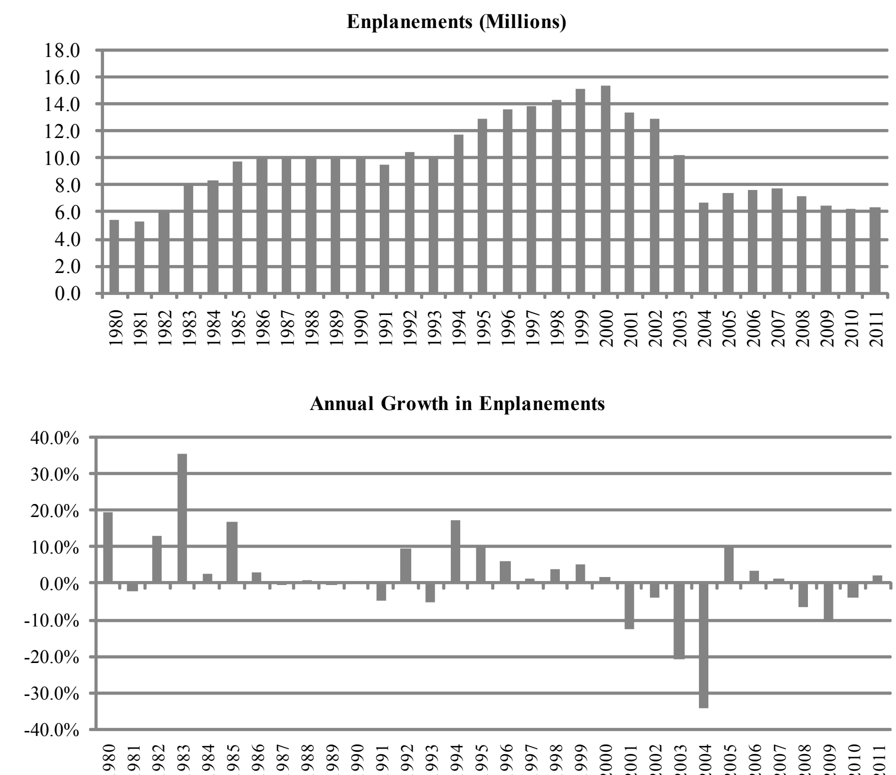
Southwest Airlines	2004	2005	2006	2007	2008	2009	2010	2011	1st Half 2012
Total - All Domestic									
Number of Nonstop Destinations	21	22	22	22	25	24	31	33	33
Average Scheduled Daily Departures	57	60	65	68	72	68	74	80	82
Scheduled Departure Seats (000)	2,801	2,977	3,208	3,366	3,585	3,377	3,747	4,052	2,075

Delta Airlines	2004	2005	2006	2007	2008	2009	2010	2011	1st Half 2012
Total - All Domestic									
Number of Nonstop Destinations	4	4	4	4	4	4	10	10	10
Average Scheduled Daily Departures	18	20	15	16	17	16	29	36	33
Scheduled Departure Seats (000)	533	559	457	470	473	463	1,051	1,250	555

Source: OAG Schedules Database.

Figure 1 shows the historical passenger traffic levels at STL, measured in annual enplanements. The trends of the past decade reflect the combined effects of all the challenges faced by the industry as a whole and the air service changes that have occurred specifically at STL. The first half of the past decade saw traffic levels falling at STL. By CY 2004, annual enplanements had fallen to 6.7 million, which represents approximately 44 percent of the CY 2000 peak of 15.3 million. Weak recovery followed, and was once again set back by the recent economic recession and continuing airline capacity adjustments. Annual enplanements decreased at an average of 13.6 percent annually during the CY 2000-2005 period and continued to decrease at a slower rate of 2.5 percent annually during the CY 2005-2011 period.

Figure 1
HISTORICAL ENPLANEMENT TRENDS AT STL
CY 1980-2011



Average Annual Growth Rates

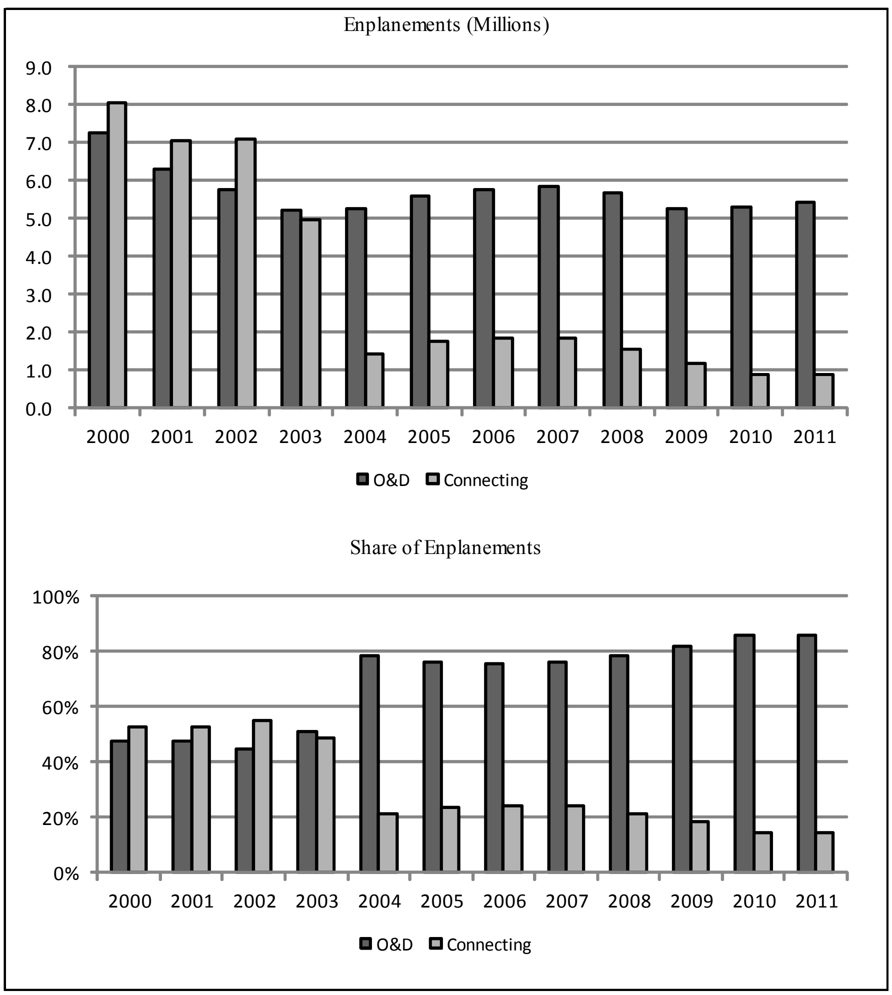
1980-1990	6.3%
1990-2000	4.3%
2000-2005	-13.6%
2005-2011	-2.5%
1980-2011	0.5%

Source: Airport records.

While the last decade was difficult for STL, long-term enplanement growth averaged a positive 0.5 percent per year between CY 1980 and CY 2011. Annual enplanements rose from 5.4 million in CY 1980 to a peak of 15.3 million in CY 2000, and then declined to 6.2 million in CY 2010—the lowest level of calendar year total enplanements at STL since 1982. Annual enplanements increased slightly in CY 2011 to 6.3 million.

Figure 2 presents a breakdown of annual enplanements into the O&D and connecting segments. The steep decline in connecting traffic reflects the cutback in the hub operations of American Airlines. The current breakdown of more than 85 percent O&D and less than 15 percent connecting traffic is likely close to a long-term traffic mix that will allow for relatively stable growth based on a stronger O&D traffic base.

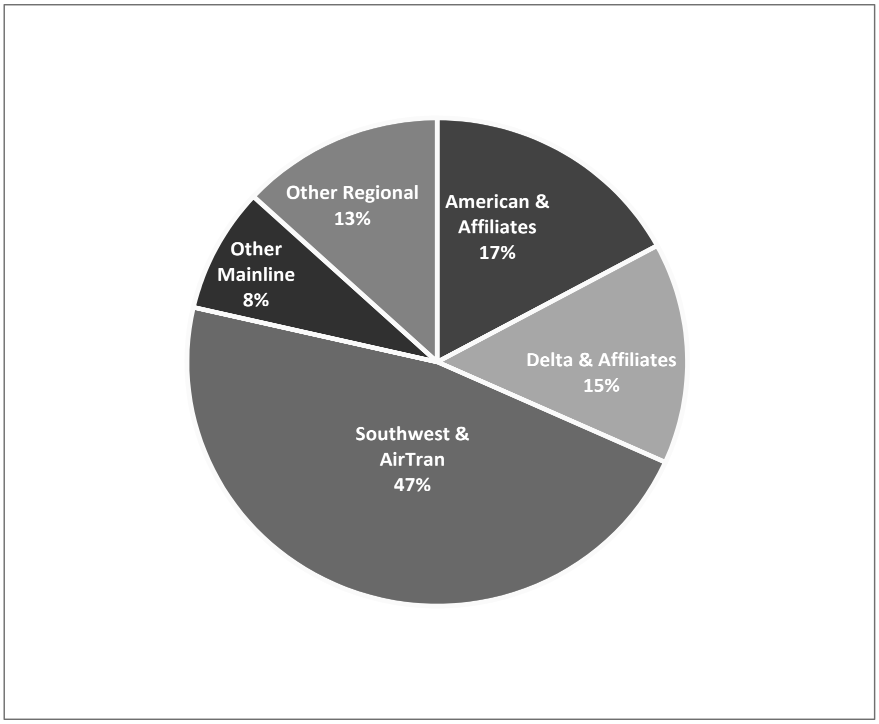
Figure 2
O&D AND CONNECTING ENPLANEMENTS AT STL
CY 2000-2011



Source: Airport records.

Figure 3 shows the percentage distribution of CY 2011 enplanements by airline. Southwest Airlines, the largest carrier at STL, accounted for 47 percent (including affiliate AirTran that accounts for 2 percent), followed by American Airlines with 17 percent, and Delta Airlines with 15 percent. All the other airlines serving STL accounted for a combined share of 21 percent.

Figure 3
AIRLINE SHARES OF ENPLANEMENTS AT STL
CY 2011



Source: Airport records.

To develop the activity forecasts, we used a hybrid modeling approach that: (1) utilizes available information on scheduled airline service for the near term; and (2) employs multivariate regression analysis to link growth in airport activity to long-term demand drivers such as economic trends, yield trends, industry structural changes, and changes in American Airlines' hub operations at STL. Actual activity data for the first nine months of FY 2012 and published airline schedules through the first four months of FY 2013 indicate continued reduction in American Airlines' service at STL that is offset in part by expansion in service by Southwest Airlines, US Airways and other airlines. The near-term forecast for FY 2012 and FY 2013 reflects these trends in airline scheduled service. Long-term forecast traffic growth is driven by projected economic trends as measured by U.S. non-farm employment and projected trends in air fares at STL as measured by real passenger yield. The forecasts assume continued efforts by airlines to increase load factors and improve fuel efficiency by using larger aircraft to serve relatively high density market pairs, consistent with industry-wide trends.

Significant uncertainty in the current economic environment is reflected by a conservative outlook for the trends in the forecast explanatory variables. Our assumptions regarding the explanatory variables are as follows:

- Economy – Political unrest in the Middle East and sovereign debt issues and recession in Europe continue to cloud the world economic outlook. In the United States, the recovery from the 2008-09 recession has been very slow, keeping unemployment rates at historic high levels. The housing market remains weak, and, according to Federal Reserve Bank's statement released in April, strains in the global financial markets continue to pose significant risks to the economic outlook. Recent growth in consumer spending is also showing signs of slowing. Economic growth is expected to remain moderate over the next quarters and then to pick up gradually. As a result, our outlook for U.S. non-farm employment is for a slow but positive recovery throughout the forecast period, in developing the base air traffic forecast for STL.

- Yield – With weak traffic growth due to the slow economy, competition has developed on the cost side of business. High fuel prices force carriers to retire old equipment to lower costs, streamlining and reducing seat capacity in the process. Given lower capacity, carriers have been able to increase yields by improving load factors. In developing the base air traffic forecast for the Airport, yields, adjusted for inflation, are projected to continue increasing throughout the forecast period, consistent with yield trend assumptions for the industry in the Federal Aviation Administration (FAA) 2012-2032 Aerospace Forecast published in March 2012. The annual percentage increases in real yields after FY 2012, however, are expected to be minimal.

- Airline schedules – Airline schedules of passenger service at the Airport show year-over-year net decreases in seats beginning in November 2011, due largely to capacity cuts on American Airlines' mainline service and Delta Airlines' regional service. Published schedules as of April 2012 show these year-over-year net decreases in seats continuing through September 2012, resulting in net seat capacity declines at the Airport of 0.4 percent for the entire FY 2012, and slightly over one percent for the first quarter of FY 2013.

- American Airlines – AMR Corporation, the parent company of American Airlines filed for Chapter 11 reorganization on November 29, 2011. According to American Airlines, the purpose of the Chapter 11 filing is "to achieve a cost and debt structure that is industry competitive and thereby assure [the airlines'] long-term viability." Recent news about American Airlines' labor unions and US Airways presenting the option of a merger between the two airlines add uncertainty to the outlook. The current forecast does not consider the effects of a merger and reflects no drastic changes in American's service at STL, such as those experienced by the Airport in 2003-2004 and in 2009-2010.

All forecasts are subject to risks and uncertainty. In reality, two or three forecast scenarios do not adequately represent the wide range of possible outcomes for forecast inputs and results. We performed comprehensive risk analysis using *Monte Carlo simulation*,[2] developing a range of other possible outcomes around the base, instead of only one or two. This approach provides for an improved and more comprehensive quantitative assessment of forecast variability—both downside and upside.

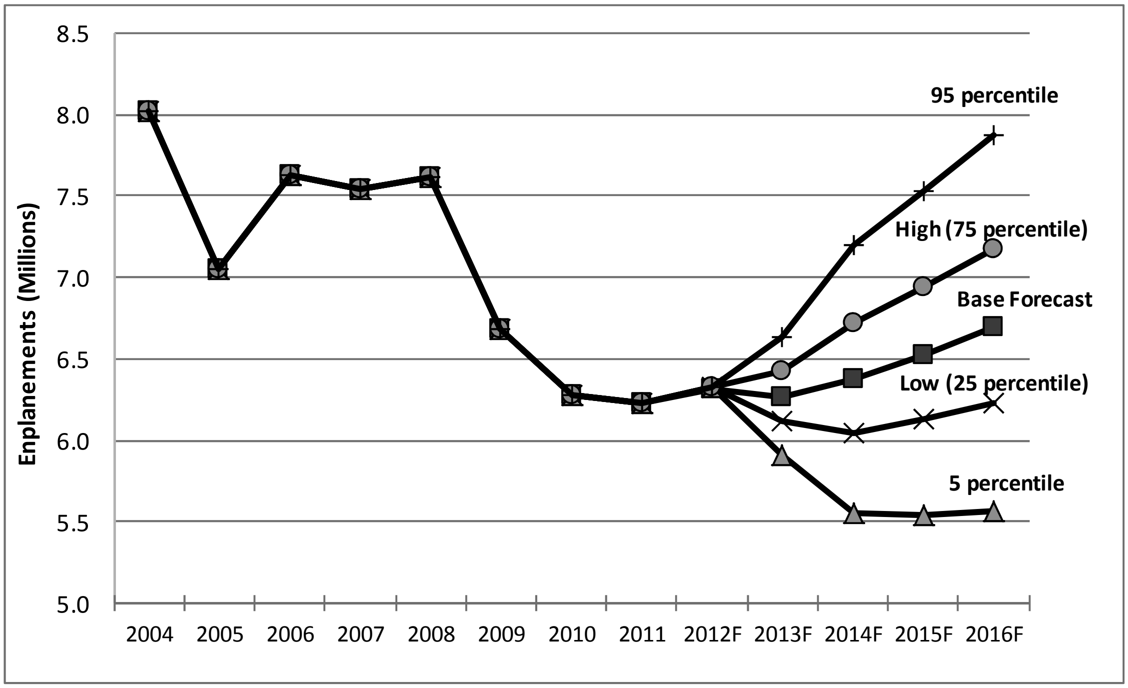
Traditional industry approaches to forecast risk analysis—sensitivity analysis and scenario-based analysis—present a few alternative forecast scenarios, usually a low and a high alternative to the base forecast. These traditional approaches are limited in their ability to consider the full range of variability in the explanatory variables and forecasts, and do not permit an assessment of the likelihood—*probability* of occurrence—of the base forecast and alternatives.

The market volatility that we have seen over the past decade, and the significant uncertainty in market outlook over the forecast period call for a more comprehensive and systematic assessment of forecast risk. Our new approach, risk analysis using *Monte Carlo simulation*, allows us to consider a wider range of possible values—a *probability distribution*—for explanatory variables and the resulting forecast. This approach is not only comprehensive in assessing market risk and uncertainty quantitatively, but it also allows us to estimate the likelihood (*probability*) of our forecast results. Along with the hybrid forecast modeling approach based on airline schedules and regression analysis, risk analysis using *Monte Carlo simulatio*n presents a more rigorous and comprehensive approach to developing traffic forecast scenarios.

Figure 4 presents the recommended base forecast, and the 5-percentile, 25-percentile, 75-percentile and 95-percentile forecasts of annual enplanements at the Airport for the FY 2012-2016 period. We recommend using the 25-percentile result for a low case and the 75-percentile result for a high case for sensitivity analysis. The interpretation is as follows: There is a 25 percent probability that actual results will be lower than the 25-percentile forecast (the recommended low case), and a 75 percent probability that actual results will be lower than the 75-percentile forecast (the recommended high case).

[2] *Monte Carlo simulation* is a computerized mathematical technique that allows analysts to account for risk in quantitative analysis. One can think of *Monte Carlo simulation* as performing sensitivity analysis thousands of times (*iterations*), and tracking the result of each iteration to generate a *probability distribution* of outcomes. As in sensitivity analysis, different values for explanatory variables (*model inputs*) are used during each iteration. The different values for model inputs are generated randomly from *probability distributions* that describe all the possible values that the input variables can take.

Figure 4
FORECAST ENPLANEMENTS AT STL
Fiscal Year Forecasts Beginning in FY 2012



	Forecast Enplanements (000)					
Fiscal Year	**Base**	**5-Percentile**	**25-Percentile**	**50-Percentile**	**75-Percentile**	**95-Percentile**
2012	6,319	-*	-*	-*	-*	-*
2013	6,263	5,912	6,120	6,274	6,421	6,633
2014	6,373	5,559	6,044	6,384	6,717	7,196
2015	6,528	5,543	6,129	6,530	6,941	7,524
2016	6,700	5,572	6,232	6,699	7,173	7,875

* Not calculated in FY 2012. Forecast in FY 2012 is based on actual performance for nine months and scheduled seats for the remaining three months.

Technical Notes:

1. The graph shows the recommended base forecast, which approximates the median outcome (50-percentile). It also presents the 5-percentile, 25-percentile, 75-percentile and 95-percentile forecasts of annual enplanements at the Airport for the FY 2012-2015 period. We recommend using the 25-percentile result for a low case and the 75-percentile result for a high case for sensitivity analysis. The interpretation is as follows: There is a 25 percent probability that actual results will be lower than the 25-percentile forecast (the recommended low case), and a 75 percent probability that actual results will be lower than the 75-percentile forecast (the recommended high case).
2. The range of outcomes between the 25- and the 75-percentile is called the *interquartile* range, often used to define a "typical" range that excludes extremely low and high values. There is a 50 percent probability that actual outcome will be within the *interquartile* range.

Source: Airport records for historical data through FY 2011, and Unison Consulting, Inc. for the forecasts.

The forecast growth in FY 2012 is the same for all scenarios, reflecting actual performance during the first nine months and published airline schedules during the remainder of the fiscal year. The resulting forecast is for a positive growth rate of 1.5 percent in FY 2012, following a decrease of -0.8 percent in FY 2011. Different outcomes are projected beginning in FY 2013. The forecast trends in enplanement growth under the recommended base, low, and high cases are as follows:

- Under the base case, annual enplanements are forecast to decrease slightly in FY 2013, reflecting continued airline capacity adjustments and weak demand due to the slow economic recovery. Annual enplanement are forecast to grow slowly beginning in FY 2014 through FY 2016, averaging a growth rate of 1.5 percent annually from 6.2 million in FY 2011 to 6.7 million in FY 2016 (returning to the level reached in FY 2009). The base case approximates the median (50-percentile) outcome.

- In the low case (corresponding to the 25-percentile forecast), annual enplanements are forecast to decline 3.3 percent in FY 2013 and decline another 1.2 percent in FY 2014, before growing slowly in FY 2015 and 2016. Annual enplanements are forecast to grow to 6.2 million in FY 2016 (about the same level as in FY 2011), averaging an annual growth rate of near zero over the forecast period. The probability that actual results will fall short of the low case forecast is estimated at 25 percent.

- In the high case (corresponding to the 75-percentile forecast), annual enplanements are forecast to show positive growth rates throughout the forecast period, averaging 2.9 percent annually. Annual enplanements are forecast to reach 7.2 million in FY 2016, slightly higher than the level reached in FY 2005. The probability that actual results will fall short of the high case forecast is estimated at 75 percent.

Table 2 presents the details of the base forecast enplanements. **Tables 3** and **4** present the forecast aircraft departures (equal to landings) and landed weight corresponding to the base forecast enplanements. Under the base case, total aircraft departures are forecast to increase from 87,164 in FY 2011 to 89,100 in FY 2016 – a slight increase averaging 0.4 percent annually. Total aircraft landed weight is forecast to increase from 8.15 billion pounds in FY 2011 to 8.41 billion pounds in FY 2016 at 0.7 percent annually, on average. The forecast for slower growth in aircraft departures and faster growth in landed weight reflect an assumption that airlines will continue efforts to increase load factors and improve fuel efficiency by using larger aircraft. This assumption is consistent with the FAA's assumption in its latest aviation industry forecast.

Table 2
BASE FORECAST ENPLANEMENTS
FY 2011-2016

	Actual	Forecast					AAGR
Activity	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2011-2016**
Mainline Air Carrier							
American	1,112,834	1,032,000	1,023,000	1,041,000	1,066,000	1,094,000	-0.3%
Delta	541,439	530,000	525,000	534,000	547,000	562,000	0.7%
Southwest	2,785,943	2,920,000	2,894,000	2,945,000	3,017,000	3,096,000	2.1%
Others	570,506	628,000	622,000	633,000	648,000	665,000	3.1%
Subtotal-Mainline	5,010,722	5,110,000	5,064,000	5,153,000	5,278,000	5,417,000	1.6%
Regional Air Carrier							
American Connection	13,304	28,000	28,000	28,000	29,000	29,000	16.9%
Delta Regional	347,260	368,000	365,000	371,000	380,000	390,000	2.3%
Others	837,470	796,000	786,000	800,000	819,000	841,000	0.1%
Subtotal-Regional	1,198,034	1,192,000	1,178,000	1,199,000	1,228,000	1,260,000	1.0%
Charter	19,599	18,000	18,000	18,000	18,000	19,000	-0.6%
Total-Enplanements	**6,228,355**	**6,319,000**	**6,263,000**	**6,373,000**	**6,528,000**	**6,700,000**	1.5%
Annual Growth Rate	-0.8%	1.5%	-0.9%	1.8%	2.4%	2.6%	
O&D	5,344,947	5,404,000	5,355,000	5,450,000	5,582,000	5,729,000	1.4%
Connecting	883,408	916,000	907,000	923,000	946,000	971,000	1.9%

Note: AAGR - Average Annual Growth Rate Figures Rounded to the nearest (000)
Forecasts rounded to the nearest (000); details may not add to totals as a result.

All forecasts are subject to uncertainty. The above forecast is based on information that is available as of the Report's date. Various factors, other than those included in the forecast model, can influence the future demand for air travel. Unexpected events may occur, and some of the underlying forecast assumptions may not materialize. Therefore actual performance may differ from the forecast, and the difference may be significant.

Table 3
BASE FORECAST AIRCRAFT DEPARTURES (ARRIVALS)
FY 2011-2016

	Actual	Forecast					AAGR
Activity	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2011-2016**
Mainline Air Carrier							
American	10,715	10,000	10,200	10,300	10,500	10,700	0.0%
Delta	5,140	4,700	4,500	4,600	4,700	4,800	-1.4%
Southwest	28,334	29,700	29,200	29,600	30,200	30,900	1.7%
Others	5,488	5,900	5,600	5,600	5,800	5,900	1.5%
Subtotal-Mainline	49,677	50,300	49,500	50,100	51,100	52,300	1.0%
Regional Air Carrier							
American Connection	422	600	500	500	500	500	3.5%
Delta Regional	6,997	7,600	5,900	5,900	6,000	6,100	-2.7%
Others	28,440	29,200	27,200	27,500	28,000	28,600	0.1%
Subtotal-Regional	35,859	37,400	33,500	33,900	34,500	35,300	-0.3%
Charter	213	200	100	200	200	200	-1.3%
Subtotal-Passenger	85,749	87,800	83,100	84,200	85,800	87,700	0.5%
All-Cargo	1,415	1,300	1,300	1,300	1,300	1,300	-1.7%
Total -Departures	**87,164**	**89,100**	**84,500**	**85,500**	**87,200**	**89,100**	0.4%
Annual Growth Rate	-3.7%	2.2%	-5.2%	1.2%	2.0%	2.2%	

AAGR - Average Annual Growth Rate

Forecasts rounded to the nearest (00); details may not add to totals as a result.

All forecasts are subject to uncertainty. The above forecast is based on information that is available as of the Report's date. Various factors, other than those included in the forecast model, can influence the future demand for air travel. Unexpected events may occur, and some of the underlying forecast assumptions may not materialize. Therefore actual performance may differ from the forecast, and the difference may be significant.

Table 4
BASE FORECAST AIRCRAFT LANDED WEIGHT
FY 2011-2016

Activity	Actual 2011	Forecast 2012	2013	2014	2015	2016	AAGR 2011-2016
Mainline Air Carrier							
American	1,472,986	1,376,000	1,365,000	1,383,000	1,412,000	1,445,000	-3.9%
Delta	688,541	642,000	619,000	628,000	642,000	657,000	11.7%
Southwest	3,421,852	3,609,000	3,529,000	3,576,000	3,653,000	3,738,000	4.5%
Others	713,134	765,000	720,000	731,000	748,000	766,000	-0.5%
Subtotal-Mainline	6,296,512	6,392,000	6,233,000	6,318,000	6,454,000	6,607,000	2.2%
Regional Air Carrier							
American Connection	19,525	27,000	40,000	41,000	42,000	43,000	-39.4%
Delta Regional	465,691	481,000	386,000	345,000	353,000	362,000	5.3%
Others	961,250	801,000	954,000	971,000	995,000	1,021,000	1.1%
Subtotal-Regional	1,446,466	1,309,000	1,380,000	1,357,000	1,389,000	1,427,000	-4.3%
Charter	18,100	27,000	13,000	13,000	14,000	14,000	-5.7%
Subtotal-Passenger	7,761,078	7,728,000	7,627,000	7,688,000	7,857,000	8,047,000	0.8%
All-Cargo	385,522	379,000	361,000	361,000	361,000	361,000	-2.1%
Total -Landed Weight	**8,146,600**	**8,107,000**	**7,987,000**	**8,049,000**	**8,218,000**	**8,408,000**	0.7%
Annual Growth Rate	0.2%	-0.5%	-1.5%	0.8%	2.1%	2.3%	

AAGR - Average Annual Growth Rate

Forecasts rounded to the nearest (000); details may not add to totals as a result.

All forecasts are subject to uncertainty. The above forecast is based on information that is available as of the Report's date. Various factors, other than those included in the forecast model, can influence the future demand for air travel. Unexpected events may occur, and some of the underlying forecast assumptions may not materialize. Therefore actual performance may differ from the forecast, and the difference may be significant.

The City is currently operating under the new Use and Lease Agreement (the Use Agreement), which became effective July 1, 2011. The terms of the Use Agreement are for a five year period ending June 30, 2016. The Use Agreement retains some of the elements of the rate methodology from the previous use agreement, such as the continuation of a residual airfield rate. However, the calculation of the airfield rate has been modified to capture the airfield share of the Additional Airline Requirement. The calculation of the terminal rate is a combination of both a compensatory and residual rate methodology (Hybrid Compensatory), whereby the terminal rates are initially calculated based on a compensatory methodology to establish the Initial Requirement, while the terminal share of the Additional Airline Requirement is funded based on a residual approach. The most significant change pertains to the provision that allows the Airport to add an Additional Requirement, when applicable, to the respective Signatory Airline rates (airfield and terminal) in order to meet all requirements in a fiscal year, as further discussed in the Use Agreement. At the end of the fiscal year all rates are finalized based on the annual audits and the appropriate adjustments made for any resulting shortages or surpluses.

The Use Agreement allows the City to use a portion of the Debt Service Stabilization Fund (the DSSF) under the Indenture to mitigate rates on an annual basis during the term of the Use Agreement. In each fiscal year in which the City determines to mitigate rates, the City will withdraw approximately $13.7 million from the DSSF and deposit such amount in the Revenue Fund, with the expectation that such amount will, pursuant to the flow of funds specified in the Indenture, be re-deposited in the DSSF prior to the end of such fiscal year. The amounts so deposited in such years will be included in GARB Revenues and debt service coverage calculations for such years, and the expected deposits are included in the projections in this Review.

The other provisions of the Use Agreement remain consistent with the current use agreement.

The Series 2012 Refunding Bonds are being issued pursuant to the Amended and Restated Indenture of Trust dated July 1, 2009, as amended and supplemented, including by the Eighteenth Supplemental Indenture, dated June 1 , 2012 (as amended and supplemented, the Indenture). The Series 2012 Refunding Bonds are limited obligations of the City secured by and payable solely from (1) GARB Revenues (as defined in the Indenture), (2) Pledged PFC Revenues (as defined in the Indenture), and (3) any other available moneys deposited with the Trustee for deposit in the Revenue Fund (collectively, the Revenues).

> The Series 2012 Refunding Bonds will be issued as Refunding Bonds under the Indenture, Section 305 (B) 4 (a) of which states in part: "*Refunding Bonds of each Series… shall be authenticated and delivered by the Trustee only upon receipt by it from the City…of … a certificate of an Authorized Officer of the City setting forth the Aggregate Debt Service and the Aggregate Adjusted Debt Service for the then current and each future Airport Fiscal Year…and …that the Aggregate Debt Service and the Aggregate Adjusted Debt Service set forth for each Airport Fiscal Year [following the issuance of the Refunding Bonds] are no*

> *greater than the corresponding amounts set forth for such Airport Fiscal Year[prior to the issuance of the Refunding Bonds] ....”*

The City will obtain a certificate of an authorized officer demonstrating compliance with Section 305 (B) 4 (a) of the Indenture.

Major Assumptions

The financial projections presented in this Review are based on the following major assumptions:

1. All Signatory Airlines adhering to all provisions of the Use agreement for the period FY 2012 - 2016.

2. The City will implement all approved capital projects within the project budgets and schedules.

3. No significant changes in air service offerings by any of the three major airlines; Southwest Airlines, American Airlines or Delta Airlines.

4. No additional service or facility reductions by American Airlines resulting from the last bankruptcy announcement on November 29, 2011.

5. The latest base case air service forecast will be achieved with no major declines in activity.

6. There will be no disruption or loss of service resulting from a terrorist, weather or any other catastrophic event.

Findings and Conclusions

The financial summaries that follow cover FYs 2012 through 2016. The FY 2012 estimate is based on actuals from the nine months ended March 31, 2012. The remainder of the forecast period is based on the latest traffic forecast, including the latest revenue trends and other factors obtained through discussions with Airport Management. As shown in the summary tables below, Revenues are forecast to be sufficient to pay Operation and Maintenance Expenses and Aggregate Debt Service and meet all of the other funding requirements of the Indenture, thereby indicating that the Rates and Charges Covenant (Section 811 of the Indenture) should be met during such period.

In addition, based on our knowledge of comparable airports and our experience in providing financial consulting services to a variety of airports, we believe the forecasted airline costs per enplaned passenger, while considerably higher than those recorded in prior years, are reasonable in comparison with other major airports that have completed or are currently implementing major capital improvement programs.

The financial projections presented in this Review are based on information and assumptions that have been provided by Airport management, or developed by us and reviewed with and confirmed by Airport management. Based upon our review, we believe that the information is accurate and that the assumptions provide a reasonable basis for the forecast. However, some variation from the forecast is inevitable due to unforeseen events and circumstances, and these variations may be material. This Review should be considered in its entirety for an understanding of the forecast and the underlying assumptions.

We appreciate the opportunity to assist the City on this important financing program for the Airport.

Sincerely,

Unison Consulting, Inc.

Unison Consulting, Inc.

Table 5

FORECASTED AIRPORT REVENUES
Lambert-St. Louis International Airport
Fiscal years Ending June 30
(in thousands)

AIRPORT REVENUES	Avg. Annual Growth Rate 2012-2016	Estimate 2012 [2]	Forecast 2013	2014	2015	2016
Signatory Airlines						
Airfield Landing Fees	1.6%	$64,742	$69,355	$69,976	$70,755	$69,028
Terminal Rents	2.6%	18,770	22,237	21,755	22,469	20,835
Total	1.8%	$83,512	$91,592	$91,732	$93,224	$89,864
Concession Fees						
Terminal Concessions	3.5%	$8,489	$8,598	$8,921	$9,311	$9,737
Public Parking	5.7%	17,173	18,626	20,261	20,799	21,421
Car Rentals	3.6%	11,077	11,208	11,646	12,179	12,763
Space Rental	2.1%	1,439	1,469	1,500	1,532	1,564
In-Flight Catering	2.0%	331	338	345	352	359
Other	1.1%	760	769	777	786	795
Total	4.4%	$39,270	$41,008	$43,451	$44,959	$46,640
Other						
Non-Signatory Landing Fees	-14.2%	$3,376	$1,825	$1,851	$1,864	$1,830
Non-Signatory Airlines-Terminal	0.0%	286	286	286	286	286
Total	-12.8%	$3,661	$2,110	$2,136	$2,150	$2,115
Airline Revenue Mitigation [1]	0.0%	13,728	13,728	13,728	13,728	13,728
Cargo	0.0%	$903	$903	$903	$903	$903
Hangars and Other Buildings	2.1%	352	359	366	374	382
Tenant Improvement Surcharge	-0.6%	1,548	1,510	1,510	1,510	1,510
Terminal EDS Surcharges	n/a	0	0	2,500	2,500	2,500
Other Miscellaneous	-12.5%	11,811	6,406	6,566	6,738	6,917
Total Other-Operating	-3.2%	$32,003	$25,017	$27,709	$27,903	$28,055
Total Operating Revenue	1.5%	$154,785	$157,617	$162,891	$166,086	$164,558
Interest Income	-3.2%	$2,080	$2,131	$2,080	$1,875	$1,828
Total GARB Revenues	1.5%	$156,865	$159,747	$164,972	$167,961	$166,386
PFC Pledged Revenue	4.4%	23,863	27,578	27,578	27,577	28,322
Total Revenues	1.9%	180,728	187,326	192,550	195,538	194,708

[1] Reflects amounts expected to be transferred from the Debt Service Stabilization Fund for airline rate mitigation, as further described in this review.
[2] Fiscal Year 2012 Estimate is based on March 2012 year-to-date actuals.

TABLE 6

SUMMARY OF SIGNATORY AIRLINES, COST PER ENPLANED PASSENGER, AND RATES

Lambert-St. Louis International Airport
in thousands except for rates
For Fiscal Years ending June 30

	Estimate	Projected			
	2012 [1]	2013	2014	2015	2016
SIGNATORY AIRLINE REVENUES					
Landing Fees	$64,742	$69,355	$69,976	$70,755	$69,028
Terminal 1	$13,544	$15,896	$15,502	$16,010	$14,912
Terminal 2	$5,226	$6,341	$6,253	$6,460	$5,923
TOTAL SIGNATORY AIRLINE REVENUES [2]	$83,512	$91,592	$91,732	$93,224	$89,864
Signatory airline enplaned passenger	6,249	6,193	6,302	6,455	6,625
Signatory Airline CPE post Mitigation [3]	**$13.36**	**$14.79**	**$14.56**	**$14.44**	**$13.56**
SIGNATORY AIRLINE RATES (including Additional Requirement)					
Landing Fee Rate (per thousand lbs)	$8.18	$8.82	$8.83	$8.75	$8.34
Airlines' Terminal Building Rental Rates					
Terminal 1	$59.70	$75.74	$73.86	$76.28	$71.05
Terminal 2	$67.27	$80.91	$79.79	$82.42	$75.57

[1] FY 2012 Estimate based March 2012 year to date actuals taken from Airport records.

[2] Signatory Airline Revenues include both the initial and additional requirements in accordance with the new use agreement.

[3] See Note 1 on "Forecasted Airport Revenues" table above.

TABLE 7

PROJECTED COVERAGE CALCULATION

Lambert-St. Louis International Airport
in thousands except for ratios
For the Fiscal Years ending June 30

	Estimate	Projected			
	2012	2013	2014	2015	2016
Total Revenues	$180,728	$187,326	$192,550	$195,538	$194,708
Less: Operation and Maintenance Expenses	$81,516	$81,138	$85,636	$87,985	$90,403
Net Revenues	$99,212	$106,188	$106,914	$107,553	$104,305
Debt Service	$73,781	$78,746	$78,602	$79,050	$75,660
Debt Service Coverage Ratio	**1.34**	**1.35**	**1.36**	**1.36**	**1.38**

[1] Debt Service reflects the Series 2012 Bonds per information provided by Wells Fargo.

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LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT

(An Enterprise Fund of the City of St. Louis, Missouri)

Basic Financial Statements and Supplementary Information

June 30, 2011 and 2010

(With Independent Auditors' Report Thereon)

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Basic Financial Statements and Supplementary Information

June 30, 2011 and 2010

Table of Contents

KPMG
KPMG LLP
Suite 900
10 South Broadway
St. Louis, MO 63102-1761

Independent Auditors' Report

Honorable Mayor and Members of
the Board of Aldermen of the
City of St. Louis, Missouri:

We have audited the accompanying basic financial statements of Lambert – St. Louis International Airport, an enterprise fund of the City of St. Louis, Missouri, as of and for the years ended June 30, 2011 and 2010, as listed in the accompanying table of contents. These financial statements are the responsibility of the City of St. Louis, Missouri's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lambert – St. Louis International Airport's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in note 1, the financial statements present only the financial position and the changes in financial position and cash flows of Lambert – St. Louis International Airport, an enterprise fund of the City of St. Louis, Missouri, and do not purport to, and do not, present fairly the financial position of the City of St. Louis, Missouri as of June 30, 2011 and 2010, and changes in its financial position and cash flows, where applicable, thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lambert – St. Louis International Airport, an enterprise fund of the City of St. Louis, Missouri, as of June 30, 2011 and 2010, and the changes in its financial position and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2011 on our consideration of Lambert – St. Louis International Airport's, an enterprise fund of the City of St. Louis, Missouri, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 14 is not a required part of the basic financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information, as listed in the accompanying table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

KPMG LLP

St. Louis, Missouri
December 7, 2011

The following discussion and analysis of the activity and financial performance of Lambert-St. Louis International Airport (the Airport) has been prepared by Airport management to provide the reader with an introduction and overview to the basic financial statements of the Airport for the fiscal years ended June 30, 2011 and 2010. Following this discussion and analysis are the basic financial statements of the Airport including the notes which are essential to a full understanding of the data contained within the basic financial statements. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

SUMMARY OF AIRPORT ACTIVITY

Air travel was relatively unchanged in 2011 when compared to 2010. Enplaned passengers were down by 1.04 percent and aircraft landings and takeoffs were up 0.97 percent, respectively, from fiscal year 2010. Activity at the Airport during fiscal years 2011, 2010, and 2009 is as follows:

	2011	2010	Change
Enplaned passengers	6,211,295	6,276,530	(1.04%)
Aircraft landings and takeoffs	84,323	83,515	0.97%
Landed weight (in thousands of pounds)	8,149,335	8,127,595	0.27%
Mail and cargo (in tons)	77,153	77,617	(0.60%)

	2010	2009	Change
Enplaned passengers	6,276,530	6,658,831	(5.74%)
Aircraft landings and takeoffs	83,515	111,843	(25.33%)
Landed weight (in thousands of pounds)	8,127,595	9,086,165	(10.55%)
Mail and cargo (in tons)	77,617	85,843	(9.58%)

FINANCIAL HIGHLIGHTS

The following represents the significant financial activity at the Airport in fiscal years 2011, 2010, and 2009 and the reasons for any fluctuations between the years:

- Fiscal year 2011 operating revenues decreased 7.9% from $135,438 in fiscal year 2010 to $124,758 in fiscal year 2011. Fiscal year 2010 operating revenues increased 0.7% from $134,449 in fiscal year 2009 to $135,438 in fiscal year 2010.

- Fiscal year 2011 operating expenses increased 3.7% from $134,322 in fiscal year 2010 to $139,281 in fiscal year 2011 as a result of an increase of professional service contracts as a result of the natural disaster. Fiscal year 2010 operating expenses increased 0.6% from $133,483 in fiscal year 2009 to $134,322 in fiscal year 2010 as a result of an increase of snow removal and deicer expense.

- The net result of the impact to operating revenues and expenses, as discussed above, is that the fiscal year 2011 operating (loss) increased 1,401.3% to $(14,523) from $1,116 in fiscal year 2010, compared with fiscal year 2010 operating gain increased 15.5% to $1,116 from $966 in fiscal year 2009.

(Dollars in thousands, unless otherwise indicated)

- Fiscal year 2011 nonoperating expenses, net increased to $19,343 from $17,228 in fiscal year 2010. Fiscal year 2010 nonoperating expenses, net increased to $17,228 from $10,637 in fiscal year 2009 resulting primarily from an increase in interest expense due to the 2009A Bonds.

- Capital contributions received in the form of grants from the federal government decreased to $8,267 in fiscal year 2011 from $31,815 in fiscal year 2010. The grants for noise mitigation, completed taxiway and security projects, and Letter of Intent decreased in fiscal year 2011. Capital contributions received in the form of grants from the federal government decreased to $31,815 in fiscal year 2010 from $35,122 in fiscal year 2009.

- Extraordinary items increased to $23,086 as of June 30, 2011 as a result of the natural disaster that occurred during fiscal year 2011.

- As a result of the preceding items, net assets in fiscal year 2011 decreased to $1,078,952 from $1,087,544 in fiscal year 2010. Net assets in fiscal year 2010 increased to $1,087,544 from $1,077,654 in fiscal year 2009.

SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

The Airport's revenues, expenses, and changes in fund net assets for the fiscal years ended June 30, 2011, 2010, and 2009 are summarized as follows:

	2011	2010	$ Change	% Change
Operating revenues	$ 124,758	135,438	(10,680)	(7.9%)
Operating expenses	139,281	134,322	4,959	3.7%
Operating gain (loss)	(14,523)	1,116	(15,639)	(1,401.3%)
Nonoperating expenses, net	(19,343)	(17,228)	(2,115)	12.3%
Loss before capital contributions, transfers, and extraordinary item, net	(33,866)	(16,112)	(17,754)	110.2%
Capital contributions	8,267	31,815	(23,548)	(74.0%)
Transfers out	(6,079)	(5,813)	(266)	4.6%
Extraordinary item – Natural disaster	23,086	-	23,086	100.0%
Change in net assets	(8,592)	9,890	(18,482)	(186.9%)
Net assets, end of year	$ 1,078,952	1,087,544	(8,592)	(0.8%)

	2010	2009	$ Change	% Change
Operating revenues	$ 135,438	134,449	989	0.7%
Operating expenses	134,322	133,483	839	0.6%
Operating gain (loss)	1,116	966	150	15.5%
Nonoperating expenses, net	(17,228)	(10,637)	(6,591)	(62.0%)
Loss before capital contributions, and transfers, net	(16,112)	(9,671)	(6,441)	(66.6%)
Capital contributions	31,815	35,122	(3,307)	(9.4%)
Transfers out	(5,813)	(5,831)	18	0.3%
Change in net assets	9,890	19,620	(9,730)	(49.6%)
Net assets, end of year	$ 1,087,544	1,077,654	9,890	0.9%

(Dollars in thousands, unless otherwise indicated)

FINANCIAL POSITION SUMMARY

Net assets may serve over time as a useful indicator of the Airport's financial position. The Airport's assets exceeded liabilities by $1,078,952 at June 30, 2011, an $8,592 decrease from June 30, 2010.

A condensed summary of the Airport's net assets at June 30, 2011 and 2010 is shown below:

		2011	2010	$ Change	% Change
Assets:					
Current and other assets	$	396,072	441,599	(45,527)	(10.3%)
Capital assets		1,623,810	1,639,315	(15,505)	(0.9%)
Total assets		2,019,882	2,080,914	(61,032)	(2.9%)
Liabilities:					
Long-term liabilities		869,959	910,823	(40,864)	(4.5%)
Other liabilities		70,971	82,547	(11,576)	(14.0%)
Total liabilities		940,930	993,370	(52,440)	(5.3%)
Net assets:					
Invested in capital assets, net of related debt		929,634	926,576	3,058	0.3%
Restricted		145,956	143,464	2,492	1.7%
Unrestricted		3,362	17,504	(14,142)	(80.8%)
Total net assets	$	1,078,952	1,087,544	(8,592)	(0.8%)

A portion of the Airport's net assets (86.2% at June 30, 2011) represents its investment in capital assets (e.g., land, buildings, roads, runways, and equipment), less the related indebtedness outstanding used to acquire those capital assets. The Airport uses these capital assets to provide services to its passengers and visitors to the Airport; consequently, these assets are not available for future spending. Although the Airport's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since it is unlikely the capital assets themselves will be liquidated to pay liabilities.

An additional portion of the Airport's net assets (13.5% at June 30, 2011) represents net assets that are subject to external restrictions on how they can be used. These assets can be used for any lawful Airport use including debt service, capital restoration, or expenditure subject to the restrictions of the Passenger Facility Charge Program and the Airport Improvement Program.

The remaining portion of the Airport's net assets (0.3% at June 30, 2011) represents its unrestricted investments, less any outstanding indebtedness, which may be used to meet any of the Airport's ongoing obligations.

In fiscal 2011, the decrease in capital assets was primarily attributable to depreciation expense exceeding capital additions due to lower capital contributions. The decrease in long-term debt outstanding was attributable to payments made on outstanding debt and the issuance of the 2011AB Series Refunding Revenue Bonds, which refunded the 1998 Series Revenue Refunding Bonds and the 2009A-2 Series Revenue Bonds.

(Dollars in thousands, unless otherwise indicated)

A condensed summary of the Airport's net assets at June 30, 2010 and 2009 is shown below:

	2010	2009	$ Change	% Change
Assets:				
Current and other assets	$ 441,599	345,295	96,304	27.9%
Capital assets	1,639,315	1,653,476	(14,161)	(0.01%)
Total assets	2,080,914	1,998,771	82,143	4.1%
Liabilities:				
Long-term liabilities	910,823	817,412	93,411	11.4%
Other liabilities	82,547	103,705	(21,158)	(20.4%)
Total liabilities	993,370	921,117	72,253	7.8%
Net assets:				
Invested in capital assets, net of related debt	926,576	950,263	(23,687)	(2.5%)
Restricted	143,464	115,727	27,737	24.0%
Unrestricted	17,504	11,664	5,480	50.1%
Total net assets	$ 1,087,544	1,077,654	9,890	0.9%

A portion of the Airport's net assets (85.2% at June 30, 2010) represents its investment in capital assets (e.g., land, buildings, roads, runways, and equipment), less the related indebtedness outstanding used to acquire those capital assets. The Airport uses these capital assets to provide services to its passengers and visitors to the Airport; consequently, these assets are not available for future spending. Although the Airport's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since it is unlikely the capital assets themselves will be liquidated to pay liabilities.

An additional portion of the Airport's net assets (13.2% at June 30, 2010) represents net assets that are subject to external restrictions on how they can be used. These assets can be used for any lawful Airport use including debt service, capital projects, or expenditure subject to the restrictions of the Passenger Facility Charge Program and the Airport Improvement Program.

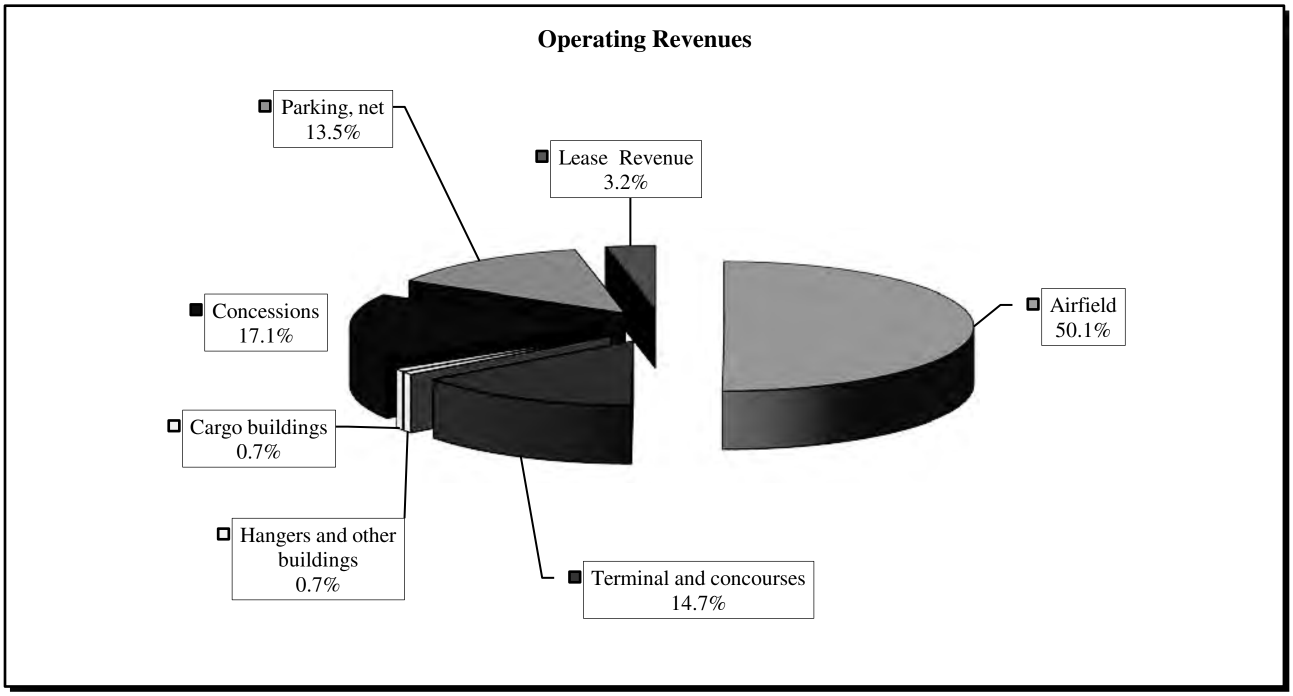
The remaining portion of the Airport's net assets (1.6% at June 30, 2010) represents its unrestricted investments, less any outstanding indebtedness, which may be used to meet any of the Airport's ongoing obligations.

In fiscal 2010, the increase in capital assets was primarily attributable to improvements made to Airport runways. The decrease in long-term debt outstanding was attributable to payments made on outstanding debt.

(Dollars in thousands, unless otherwise indicated)

REVENUES

The following chart shows the major sources of operating revenues, and their percentage share of total operating revenues, for the year ended June 30, 2011:



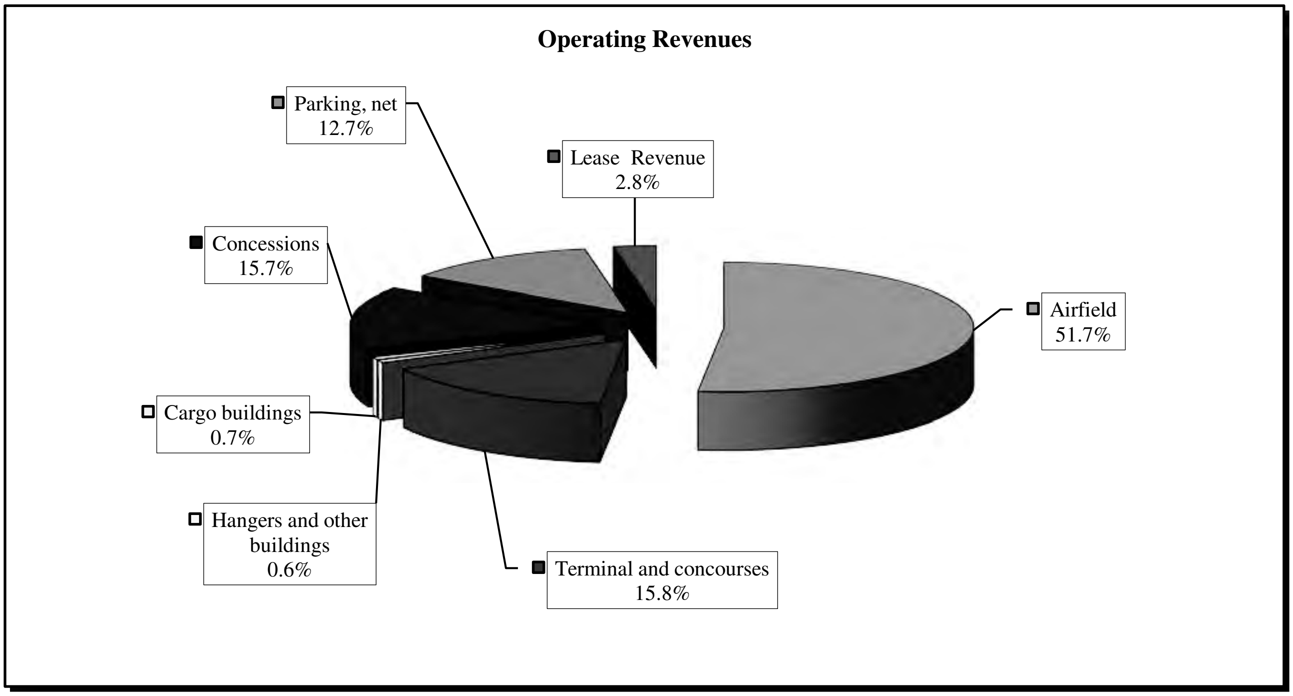
The following table summarizes Airport operating and nonoperating revenues, and their percentage share of total Airport operating and nonoperating revenue, for the year ended June 30, 2011.

	2011	% of total	$ Change from 2010	% Change from 2010
Operating revenues:				
Aviation revenue:				
Airfield	$ 62,541	40.7%	$ (7,460)	(10.7%)
Terminal and concourses	18,272	11.9%	(3,166)	(14.8%)
Hangers and other buildings	888	0.6%	17	2.0%
Cargo buildings	903	0.6%	2	0.2%
Concessions	21,319	13.8%	(10)	0.0%
Parking, net	16,819	11.0%	(328)	(1.9%)
Lease revenue	4,016	2.6%	265	7.1%
Total operating revenue	124,758	81.2%	(10,680)	(7.9%)
Nonoperating revenues:				
Intergovernmental revenue	1,513	1.0%	(102)	(6.3%)
Investment revenue	2,632	1.7%	(615)	(19.0%)
Passenger facility charges	24,680	16.1%	(168)	(0.7%)
Total nonoperating revenue	28,825	18.8%	(885)	(3.0%)
Total revenues	$ 153,583	100.0%	(11,565)	(7.0%)

(Dollars in thousands, unless otherwise indicated)

REVENUES

The following chart shows the major sources of operating revenues, and their percentage share of total operating revenues, for the year ended June 30, 2010:



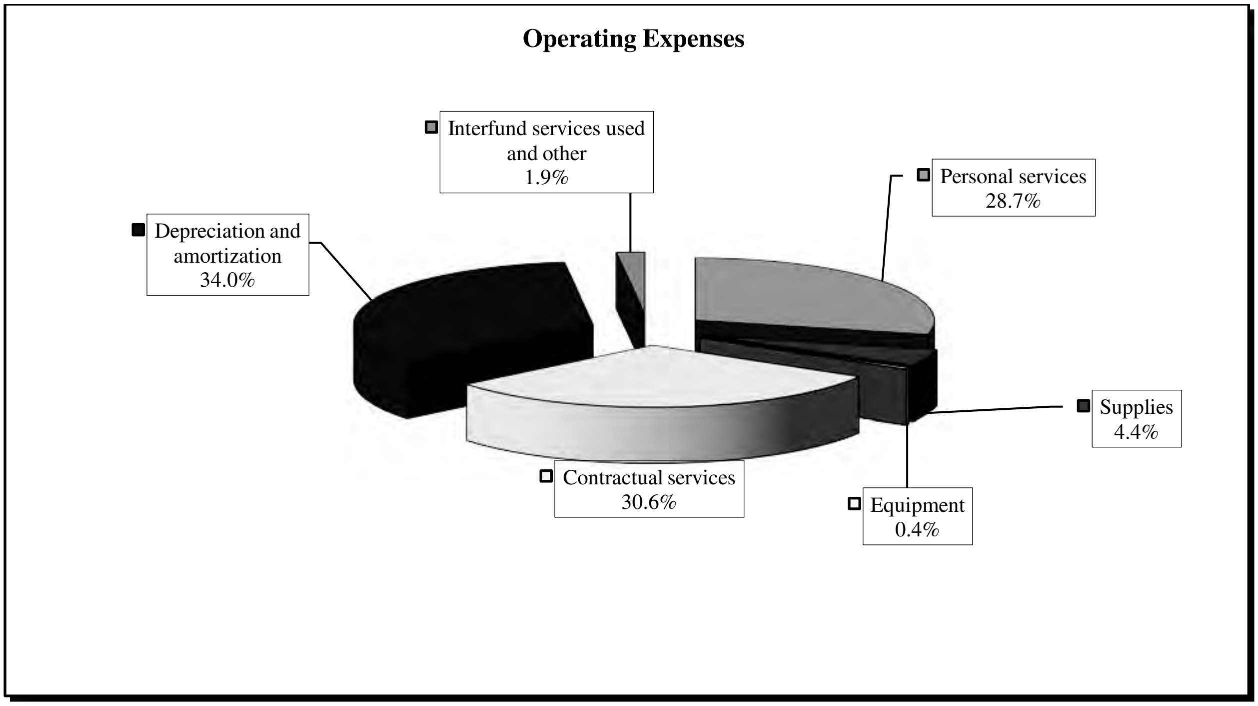
The following table summarizes Airport operating and nonoperating revenues, and their percentage share of total Airport operating and nonoperating revenue, for the year ended June 30, 2010.

	2010	% of total	$ Change from 2009	% Change from 2009
Operating revenues:				
Aviation revenue:				
Airfield	$ 70,001	42.4%	939	1.4%
Terminal and concourses	21,438	13.0%	(1,253)	(5.5%)
Hangers and other buildings	871	0.5%	3	0.3%
Cargo buildings	901	0.5%	103	12.9%
Concessions	21,329	12.9%	(652)	(3.0%)
Parking, net	17,147	10.4%	1,724	11.2%
Lease revenue	3,751	2.3%	125	3.5%
Total operating revenue	135,438	82.0%	989	0.7%
Nonoperating revenues:				
Intergovernmental revenue	1,615	1.0%	(1,068)	(39.8%)
Investment revenue	3,247	2.0%	(1,096)	(25.2%)
Passenger facility charges	24,848	15.0%	549	2.3%
Other nonoperating revenue, net	92	0.1%	(221)	(70.6%)
Total nonoperating revenue	29,802	18.0%	(1,836)	(5.8%)
Total revenues	$ 165,240	100.0%	(847)	(0.5%)

(Dollars in thousands, unless otherwise indicated)

EXPENSES

The following chart shows the major sources of operating expenses, and their percentage share of total operating expenses, for the year ended June 30, 2011:



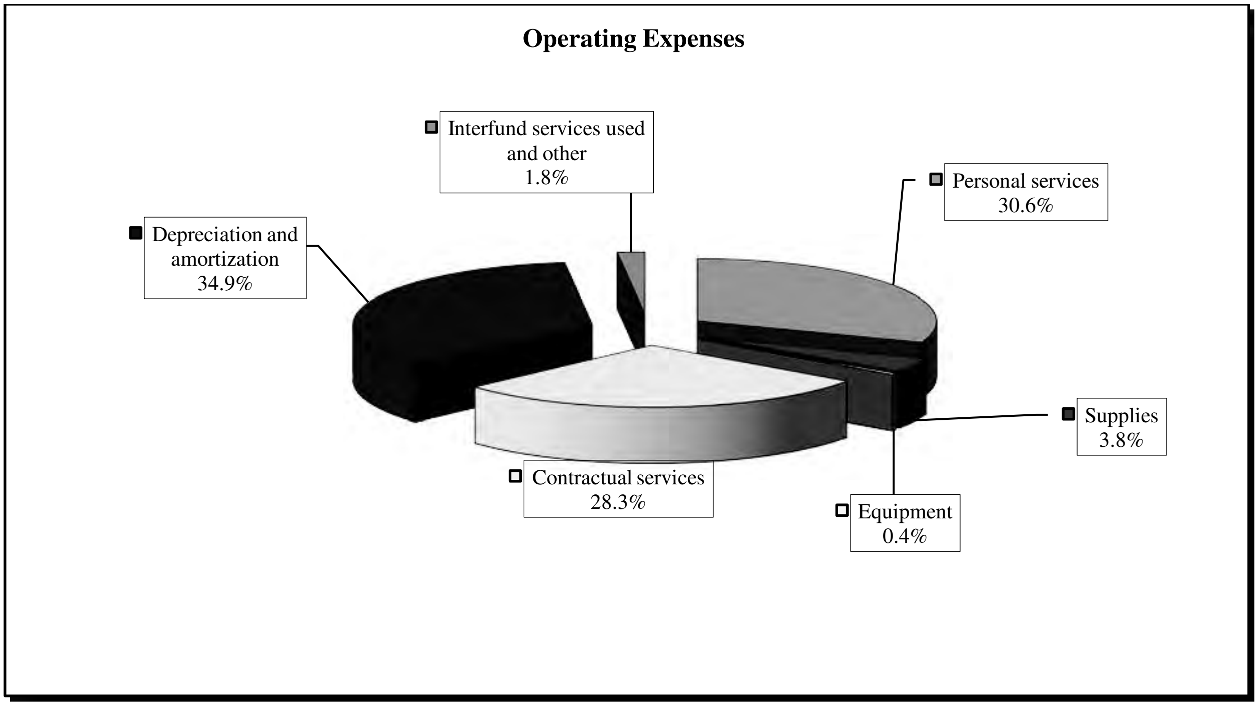
The following table summarizes Airport operating and nonoperating expenses, and their percentage share of total Airport operating and nonoperating expenses, for the year ended June 30, 2011:

	2011	% of total	$ Change from 2010	% Change from 2010
Operating expenses:				
Personal services	$ 39,970	21.3%	(1,199)	(2.9%)
Supplies	6,186	3.3%	1,019	19.7%
Equipment	526	0.3%	(5)	(0.9%)
Contractual services	42,608	22.8%	4,566	12.0%
Depreciation and amortization	47,288	25.2%	351	0.7%
Interfund services used	2,653	1.4%	169	6.8%
Other operating expenses	50	0.0%	58	(725.0%)
Total operating expenses	139,281	74.3%	4,959	3.7%
Nonoperating expenses:				
Interest expense	45,454	24.3%	(400)	(0.9%)
Amortization of bond issue costs	1,503	0.8%	(96)	(6.0%)
Loss on disposal of surplus property	63	0.0%	486	(114.9%)
Other nonoperating expense, net	1,148	0.6%	1,240	1,347.8%
Total nonoperating expenses	48,168	25.7%	1,230	2.6%
Total expenses	$ 187,449	100.0%	6,189	3.4%

(Dollars in thousands, unless otherwise indicated)

EXPENSES

The following chart shows the major sources of operating expenses, and their percentage share of total operating expenses, for the year ended June 30, 2010:



The following table summarizes Airport operating and nonoperating expenses, and their percentage share of total Airport operating and nonoperating expenses, for the year ended June 30, 2010:

	2010	% of total	$ Change from 2009	% Change from 2009
Operating expenses:				
Personal services	$ 41,169	22.7%	(1,496)	(3.5%)
Supplies	5,167	2.8%	685	15.3%
Equipment	531	0.3%	(86)	(13.9%)
Contractual services	38,042	21.0%	2,445	6.9%
Depreciation and amortization	46,937	25.9%	(492)	(1.0%)
Interfund services used	2,484	1.4%	(271)	(9.8%)
Other operating expenses	(8)	0.0%	54	87.1%
Total operating expenses	134,322	74.1%	839	0.6%
Nonoperating expenses:				
Interest expense	45,854	25.2%	5,279	13.0%
Amortization of bond issue costs	1,599	0.9%	121	8.2%
Gain on disposal of surplus property	(423)	(0.2)%	(645)	(290.5%)
Total nonoperating expenses	47,030	25.9%	4,755	12.3%
Total expenses	$ 181,352	100%	5,594	3.2%

Fiscal year 2011 operating revenues decreased 7.9% or $10,680. This results primarily from Terminal revenue decrease of $3,166 and a decrease in Airfield revenue of $7,460. In addition, nonoperating revenues decreased 3.0% or $885 due primarily to a decrease in investment revenue and other nonoperating revenues.

Fiscal year 2010 operating revenues increased 0.7% or $989. This results primarily from lease revenue increase of $125 and an increase in Airfield revenue of $939. In addition, nonoperating revenues decreased 5.8% or $(1,836) due primarily to a decrease in investment revenue caused by lower interest rates.

Fiscal year 2011 operating expenses increased 3.7% or $4,959 due to increases in professional service contracts as a result of the natural disaster that occurred during fiscal year 2011 compared to fiscal year 2010.

Fiscal year 2010 operating expenses increased 0.6% or $839 due to increased deicer expense in fiscal year 2010 compared to fiscal year 2009.

AIRLINE USE RATES AND CHARGES

As of June 30, 2011, the Airport was served by sixteen airlines with use agreements, of which three are cargo carriers, and by twenty airlines with operating agreements, of which one is a cargo carrier. An individual airline with a Use and Lease Agreement with the Airport has a contract which establishes how the airlines are assessed annual rates and charges for their use of the Airport. These agreements expired June 30, 2011.

Landing and rental fees are calculated on estimated operating and maintenance expenses and are charged to the airlines based upon landing weights or square footage utilized. The amount charged is adjusted based upon actual expenses and actual landing usage incurred. Non-affiliated airlines with operating agreements are assessed 125% of the carrier rates with use agreements for rental space, but they are assessed the same landing fees as use agreement carriers. Carriers landing without an Airport Agreement are assessed 125% of the landing fee rate assessed carriers with agreements.

FINANCIAL STATEMENTS

The Airport's basic financial statements are prepared on an accrual basis in accordance with the U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Airport is structured as an enterprise fund owned and operated by the City of St. Louis, Missouri with revenues recognized when earned. Expenses are recognized when incurred. Capital assets are capitalized and (other than land and construction in progress) are depreciated over their useful lives. Amounts are restricted for debt service and, where applicable, for construction activities. Refer to Note 1 of the basic financial statements for a summary of the Airport's significant accounting policies.

(Dollars in thousands, unless otherwise indicated)

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

During fiscal year 2011, the Airport expended $25,235 on capital activities related to construction in progress. During 2011, completed projects totaling approximately $28,083 were closed from construction in progress to their respective capital accounts. The major completed projects were:

Terminal and concourse improvements	$	6,716
Runway improvements		10,206
Miscellaneous equipment		9
Roadway improvements		10,685
AOB,E.T and Banshee Buildings		467

During fiscal year 2010, the Airport expended $34,770 on capital activities related to construction in progress. During 2010, completed projects totaling approximately $48,897 were closed from construction in progress to their respective capital accounts. The major completed projects were:

Terminal and concourse improvements	$	24,966
Runway improvements		20,354
Loading Bridges and miscellaneous equipment		1,132
Roadway improvements		1,035
AOB,E.T and Banshee Buildings		1,410

Capital asset acquisitions and improvements exceeding $10,000 (in dollars) are capitalized at cost. Acquisitions are funded using a variety of financing techniques, including federal grants, State of Missouri grants, passenger facility charges, debt issuances, and Airport operating revenues. Additional information on the Airport's capital assets and commitments can be found in the notes to the basic financial statements.

PASSENGER FACILITY CHARGES

The Airport initially received approval from the FAA to impose a passenger facility charge of $3.00 (in dollars) per enplaned passenger beginning December 1, 1992, not to exceed $131,453, principally to finance the Airport Capital Improvement Program. On December 1, 2001, the Airport received approval to increase the passenger facility charge (PFC) $4.50 (in dollars) per enplaned passenger. The current limitation on passenger facility charges to be collected is $1,006,700.

The PFC is withheld by the respective airline for each ticket or transfer in St. Louis and remitted to the Airport one month after collection, less a $0.11 (in dollars) per ticket operating fee by the airline. PFC revenue is classified as nonoperating revenue.

LONG-TERM DEBT ADMINISTRATION

At June 30, 2011, the Airport had the following bond series outstanding:

Revenue Bonds, Series 1997B, dated August 15, 1997, maturing annually from fiscal year 2001 through 2015 with interest coupon of 6.00%.

- Balance outstanding at June 30, 2011 - $21,860

Revenue Bonds, Series 2001A, dated May 1, 2001, maturing annually from fiscal year 2007 through 2012 with interest coupons ranging from 4.60% to 5.00%.

- Balance outstanding at June 30, 2011 - $7,060

Revenue Bonds, Series 2002 A, B, and C, dated December 19, 2002, maturing annually from fiscal year 2003 through 2033 with interest coupons ranging from 4.00% to 5.50%.

- Balance outstanding at June 30, 2011 - $38,450

Revenue Refunding Bonds, Series 2003A, dated February 25, 2003, maturing annually from fiscal year 2007 through 2019 with interest coupons ranging from 3.75% to 5.25%.

- Balance outstanding at June 30, 2011 - $51,210

Revenue Refunding Bonds, Series 2005, dated July 7, 2005, maturing annually from fiscal year 2013 through 2032 with interest coupons ranging from 4.00% to 5.50%.

- Balance outstanding at June 30, 2011 - $263,695

Revenue Refunding Bonds, Series 2007A, dated January 23, 2007, maturing annually from fiscal year 2013 through 2033 with interest coupons ranging from 4.00% to 5.25%.

- Balance outstanding at June 30, 2011 - $231,275

Revenue Refunding Bonds, Series 2007B, dated April 3, 2007, maturing annually from fiscal year 2016 through 2028 with interest coupon of 5.00%.

- Balance outstanding at June 30, 2011 - $104,735

Revenue Bonds, Series 2009A, dated July 14, 2009, maturing annually from fiscal year 2024 through 2035 with interest coupons ranging from 5.125% to 6.63%.

- Balance outstanding at June 30, 2011 - $107,240

Revenue Refunding Bonds, Series 2011AB, dated June 30, 2011, maturing annually from fiscal year 2012 through 2016 with interest coupons ranging from 3.00% of 5.00%.

- Balance outstanding at June 30, 2011 - $29,535

EXTRAORDINARY ITEM – NATURAL DISASTER

On April 22, 2011, the Airport sustained a direct hit on Concourse C, in Terminal 1, from an F4 tornado. There was also additional damage to other areas of Terminal 1 as well as the parking lots and surrounding areas of the Airport. As of June 30, 2011, work is continuing on the rebuild of Concourse C, which is scheduled to open to the public at the beginning of April 2012. As of June 30, 2011, the roof has been replaced and the windows in the ticket hall of Terminal 1 have also been replaced. In addition, capital restorations continue to be made. Representatives for Lexington Insurance Company and the Airport continue to work together to approve and process claims. As of June 30, 2011, the Airport had recorded revenue in the amount of $23,086 as an extraordinary item.

CREDIT RATINGS

On June 30, 2011, the Airport issued Series 2011 Bonds. Per the official statement: Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services ("S&P"), a division of The McGraw-Hill Companies, Inc., have assigned ratings of "Baa1," and "A-" respectively, on the basis of the credit of the Airport.

REQUESTS FOR INFORMATION

These basic financial statements are designed to provide a general overview of the Airport's finances for all those with an interest. Questions concerning any information provided in this report should be addressed to the Office of the Airport Assistant Director for Finance and Accounting, Lambert-St. Louis International Airport, P. O. Box 10212, St. Louis, Missouri, 63145.

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Balance Sheets

June 30, 2011 and 2010

(Dollars in thousands)

Assets		**2011**	**2010**
Current assets:			
Unrestricted assets:			
Cash and cash equivalents	$	11,865	9,346
Accounts receivable, net		4,937	11,147
Supplies and materials		2,122	2,219
Other current assets		2,487	636
Total unrestricted assets		21,411	23,348
Restricted assets:			
Cash and cash equivalents		82,212	65,955
Insurance recovery receivable		10,000	—
Accrued interest receivable		383	425
Passenger facility charges receivable		2,917	3,193
Government grants receivable		1,657	7,422
Total restricted assets		97,169	76,995
Total current assets		118,580	100,343
Noncurrent assets:			
Restricted:			
Investments, at fair value		261,751	311,662
Capital assets, net		1,623,810	1,639,315
Deferred bond issue costs, net		15,741	17,003
Other assets		—	12,591
Total noncurrent assets		1,901,302	1,980,571
Total assets	$	2,019,882	2,080,914

(Continued)

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Balance Sheets

June 30, 2011 and 2010

(Dollars in thousands)

Liabilities and Net Assets		2011	2010
Current liabilities:			
Payable from unrestricted assets:			
Accounts payable and accrued expenses	$	12,927	14,591
Deferred revenue		1,055	725
Due to the City of St. Louis, Missouri		3,902	3,547
Total payable from unrestricted assets		17,884	18,863
Payable from restricted assets:			
Current maturities of revenue bonds payable		19,985	29,970
Accrued interest payable		21,880	23,851
Contracts and retainage payable		11,222	9,863
Total payable from restricted assets		53,087	63,684
Total current liabilities		70,971	82,547
Noncurrent liabilities:			
Revenue bonds payable, net		854,053	894,248
Other long-term liabilities		15,906	16,575
Total noncurrent liabilities		869,959	910,823
Total liabilities		940,930	993,370
Net assets:			
Invested in capital assets, net of related debt		929,634	926,576
Restricted:			
Bond reserve funds		88,853	108,514
Passenger facility charges		30,907	30,288
Capital restoration		22,964	—
Airport improvement program		3,232	4,662
Unrestricted		3,362	17,504
Total net assets		1,078,952	1,087,544
Total liabilities and net assets	$	2,019,882	2,080,914

See accompanying notes to basic financial statements.

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Statements of Revenues, Expenses, and Changes in Fund Net Assets

Years ended June 30, 2011 and 2010

(Dollars in thousands)

		2011	2010
Operating revenues:			
Aviation revenue:			
Airfield	$	62,541	70,001
Terminal and concourses		18,272	21,438
Hangars and other buildings		888	871
Cargo buildings		903	901
Concessions		21,319	21,329
Parking, net		16,819	17,147
Lease revenue		4,016	3,751
Total operating revenue		124,758	135,438
Operating expenses:			
Personal services		39,970	41,169
Supplies		6,186	5,167
Equipment		526	531
Contractual services		42,608	38,042
Depreciation and amortization		47,288	46,937
Interfund services used		2,653	2,484
Other operating		50	(8)
Total operating expenses		139,281	134,322
Operating (loss) gain		(14,523)	1,116
Nonoperating revenues (expenses):			
Intergovernmental revenue		1,513	1,615
Investment revenue		2,632	3,247
Interest expense		(45,454)	(45,854)
Passenger facility charges		24,680	24,848
Amortization of bond issue costs		(1,503)	(1,599)
(Loss) gain on disposal of surplus property		(63)	423
Other, net		(1,148)	92
Total nonoperating revenues (expenses), net		(19,343)	(17,228)
Loss before capital contributions, transfers, and extraordinary item, net		(33,866)	(16,112)
Capital contributions		8,267	31,815
Transfers to the City of St. Louis, Missouri		(6,079)	(5,813)
Extraordinary item – Natural disaster		23,086	—
Total capital contributions, transfers, and extraordinary item, net		25,274	26,002
Change in net assets		(8,592)	9,890
Total net assets, beginning of year		1,087,544	1,077,654
Total net assets, end of year	$	1,078,952	1,087,544

See accompanying notes to basic financial statements.

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Statements of Cash Flows

Years ended June 30, 2011 and 2010

(Dollars in thousands)

		2011	2010
Cash flows from operating activities:			
Receipts from customers and users	$	130,969	137,763
Payments to suppliers of goods and services		(40,446)	(48,546)
Payments to or on behalf of employees		(40,060)	(41,341)
Payments for interfund services used		(2,299)	(3,113)
Net cash provided by operating activities		48,164	44,763
Cash flows from noncapital financing activities:			
Transfers to other funds of the City of St. Louis, Missouri		(6,079)	(5,813)
Net cash used in noncapital financing activities		(6,079)	(5,813)
Cash flows from capital and related financing activities:			
Cash collections from passenger facility charges		24,956	24,903
Receipt of federal financial assistance		15,544	41,923
Acquisition and construction of capital assets		(32,465)	(34,770)
Insurance recoveries		15,254	(2,479)
Proceeds from the sale of surplus property		(1,338)	535
Cash paid for bond refunding		(51,095)	—
Principal paid on commercial paper		—	(25,000)
Proceeds from issuance of bond		30,943	128,430
Principal paid on revenue bond maturities		(29,970)	(21,670)
Interest paid on revenue bonds		(47,725)	(44,528)
Net cash (used in) provided by capital and related financing activities		(75,896)	67,344
Cash flows from investing activities:			
Purchases of investments		(410,094)	(549,989)
Proceeds from sales and maturities of investments		459,887	440,528
Investment income		2,794	2,689
Net cash provided by (used in) investing activities		52,587	(106,772)
Net increase (decrease) in cash and cash equivalents		18,776	(478)
Cash and cash equivalents:			
Beginning of year:			
Unrestricted		9,346	5,336
Restricted		65,955	70,443
		75,301	75,779
End of year:			
Unrestricted		11,865	9,346
Restricted		82,212	65,955
	$	94,077	75,301
Reconciliation of operating gain to net cash provided by operating activities:			
Operating (loss) gain	$	(14,523)	1,116
Adjustments to reconcile operating gain to net cash provided by operating activities:			
Depreciation and amortization		47,288	46,937
Changes in assets and liabilities:			
Accounts receivable, net		6,210	3,501
Supplies and materials		97	(318)
Other assets		10,740	25
Accounts payable and accrued expenses		(1,664)	(890)
Deferred revenue		330	(576)
Due to/from the City of St. Louis, Missouri		355	(629)
Other long-term liabilities		(669)	(4,403)
Total adjustments		62,687	43,647
Net cash provided by operating activities	$	48,164	44,763
Supplemental disclosure for noncash financing activities:			
(Loss) gain on disposal of surplus property	$	(63)	423
Unrealized loss on investments		(118)	(174)

See accompanying notes to basic financial statements.

(1) Summary of Significant Accounting Policies

The Lambert – St. Louis International Airport (the Airport) is owned and operated by the City of St. Louis, Missouri (the City). The Airport is an enterprise fund of the City, and therefore, the basic financial statements of the Airport are not intended to present the financial position, changes in financial position, and cash flows of the City as a whole in conformity with U.S. generally accepted accounting principles.

(a) Basis of Accounting

Governmental enterprise funds are used to account for operations of governmental entities that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Airport prepares its financial statements in accordance with U.S. generally accepted accounting principles for governmental enterprise funds, which are similar to those for private business enterprises. Accordingly, the economic resource measurement focus and the accrual basis of accounting are used whereby revenues are recorded when earned and expenses are recorded when incurred.

In reporting its financial activity, the Airport applies all applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedures.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund’s ongoing operations. Revenues from airlines, concessions, and parking are reported as operating revenues. Transactions that are capital, financing, or investing related are reported as nonoperating revenues. All expenses related to operating the Airport are reported as operating expenses. Interest expense, financing costs, and losses on the disposal of capital assets are reported as nonoperating expenses.

(b) Accounts Receivable

Accounts receivable at June 30, 2011 and 2010 consists of $4,937 and $11,147, respectively, due from air carriers and concessionaires with operations at the Airport. Such amounts are recorded net of allowances for uncollectible accounts of $54 and $54 at June 30, 2011 and 2010, respectively.

Accounts receivable from air carriers includes unbilled aviation revenue for the fiscal year amounting to ($774) and $2,877 at June 30, 2011 and 2010, respectively, determined in accordance with the provisions of long-term use agreements between the Airport and the applicable air carriers.

Amounts due or payable under the use agreements are settled annually with applicable air carriers (see note 9).

(c) Supplies and Materials

Supplies and materials represent items used in support of operations and maintenance of the Airport. Supplies and materials amounts are recorded at cost using a method that approximates the first-in, first-out method.

(d) Passenger Facility Charges (PFCs)

The Airport collects a $4.50 (in dollars) facility charge per enplaned passenger to fund approved FAA projects. The PFCs are withheld by the respective airlines for each ticket purchased and passenger transfer made in St. Louis and remitted to the Airport one month after the month of receipt, less an $0.11 (in dollars) per ticket operating fee retained by the airlines. PFCs represent an exchange-like transaction, and are recognized as nonoperating revenue based upon passenger enplanements. Passenger facility charges receivable as of June 30, 2011 and 2010 were $2,917 and $3,193, respectively. These amounts were collected during July and August of 2011 and 2010, respectively.

(e) Capital Assets

Capital assets are recorded at cost. Depreciation, including depreciation recognized on assets acquired through government grants and other aid, is computed on the straight-line method over the estimated useful lives of the various classes of assets. Land is recorded at cost, which in addition to the purchase price, includes appraisal and legal fees, demolition, and homeowner relocation costs. Net interest costs on funds borrowed to finance the construction of capital assets are capitalized and amortized over the life of the related asset.

Airport management has evaluated prominent events or changes in circumstances affecting capital assets to determine whether any impairments of capital assets have occurred (see note 12). Such events or changes in circumstances that were considered by Airport management to be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage.

(f) Bond Discounts and Premiums, Deferred Amounts on Refunding, and Deferred Bond Issue Costs

Bond discounts, bond premiums, and deferred amounts on refunding are recorded as reductions of or additions to the related debt obligation as appropriate. Such amounts are deferred and amortized over the life of the bonds using the bonds outstanding method.

Deferred bond issue costs represents costs related to the issuance of the Airport's outstanding revenue bonds. Such amounts are deferred and amortized over the life of the bonds using the bonds outstanding method.

(g) Other Assets

Other assets as of June 30, 2010 comprised of noncurrent assets of $10,800 which was paid in full and capitalized at June 30, 2011 that related to a settlement agreement entered into between the Airport and the City of Bridgeton. Additionally, an advance of $1,791 at June 30, 2010 was provided to the Airport's parking contractor and will be repaid to the Airport at the conclusion of the parking contract. At June 30, 2011, the advance was reclassified to other current assets as the parking contract will conclude in fiscal year 2012.

(h) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2011 and 2010 is comprised of $5,119 and $5,123, respectively, of accrued salaries and benefits; $7,224 and $5,478, respectively, due to vendors and contractors; and $584 and $3,990, respectively, of other accrued expenses.

(i) Vacation and Sick Leave Benefits

Under the terms of the City's personnel policy, City employees are granted vacation and sick leave. Employees who have an unused sick leave balance may, at retirement, elect to receive payment for one-half of the sick leave balance. As an estimate of the portion of sick leave that will result in termination payments, a liability has been recorded on the accompanying financial statements within other long-term liabilities representing one-half of the accumulated sick leave balances for those employees who will be eligible to retire within five years. The liability totaled $1,958 and $2,030 as of June 30, 2011 and 2010, respectively, and is included in other long-term liabilities.

The vacation liability reflects amounts attributable to employee services already rendered and are cumulative. The liability totaled $3,519 and $3,509 as of June 30, 2011 and 2010, respectively, and is included in accounts payable and accrued expenses.

(j) Capital Contributions and Intergovernmental Revenue

Capital contributions represent government grants and other aid used to fund capital projects. Generally, capital contributions are recognized when the related expenditure is made and amounts become subject to claim for reimbursement. Certain Airport Improvement Program grants include look-back provisions, which allow the Airport to seek reimbursement for expenditures incurred prior to the respective Airport Improvement Program grant award date. In such circumstances, the Airport recognizes capital contributions for such grants upon meeting both the applicable eligibility requirements established by GASB Statement No. 33, *Accounting for Nonexchange Transactions*, and upon the designation of expenditures as eligible Airport Improvement Program expenditures as evaluated through the report date of the accompanying financial statements. Amounts received from other governments that are not restricted for capital purposes are reflected as nonoperating intergovernmental revenue.

(k) Statements of Cash Flows

For purposes of the statements of cash flows, cash and cash equivalents is defined as all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased.

(l) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(2) Cash and Investments

Investments are recorded at fair value. Fair value for investments is determined by closing market prices at year-end as reported by the respective investment custodian.

The Airport deposits all cash with the Office of the Treasurer of the City, which maintains all banking relationships for the Airport. Additionally, all investment decisions are made by the City Treasurer and the City's agents.

Certificates of deposit are defined as investments for balance sheet classification and cash flow purposes; for custodial risk disclosure, however, they are described below as cash deposits. In addition, money market mutual funds are classified as cash and cash equivalents on the balance sheet, but as investments for custodial risk disclosure.

In accordance with Accounting Research Bulletin No. 43, *Restatement and Revision of Accounting Research Bulletins*, the Airport's current assets contemplates the exclusion of resources that are restricted as to withdrawal or use for other than current operations, are designated for expenditure in the acquisition or construction of noncurrent assets, or are segregated for the liquidation of long term debts (except for maturing debt that is recorded as a current liability).

(Dollars in thousands)

As of June 30, 2011 and 2010, the Airport had the following cash deposits and investments:

		2011	2010
Federal Home Loan Bank	$	64,310	108,621
Federal National Mortgage Association		61,332	96,156
Federal Home Loan Mortgage Corporation		55,880	63,575
Federal National Mortgage Pool		28,855	—
Federal Farm Credit Discount Notes		16,592	23,790
U.S. Treasury Bills and Notes		33,812	7,736
Government Backed Trusts		970	926
Money Market Mutual Funds		46,594	44,382
Certificates of deposit		—	11,572
Other cash deposits		47,483	30,205
	$	355,828	386,963

State statutes and City investment policies authorize the deposit of funds in financial institutions and trust companies. Investments may be made in obligations of the United States Government or any agency or instrumentality thereof; bonds of the State of Missouri, the City of St. Louis, Missouri, or any city within the state with a population of 400,000 inhabitants or more; or time certificates of deposit; provided, however, that no such investment shall be purchased at a price in excess of par. In addition, the City may enter into repurchase agreements maturing and becoming payable within 90 days secured by United States Treasury obligations or obligations of the United States Government agencies or instrumentalities of any maturity as provided by law. City funds in the form of cash on deposit or time certificates of deposit are required to be insured or collateralized by authorized investments held in the City's name.

(a) Interest Rate Risk

The Airport seeks to minimize its exposure to fair value losses arising from changes in interest rates by selecting investments in adherence to the Investment Policy for the City of St. Louis, Missouri (Investment Policy). The Investment Policy provides that, to the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities or make a time deposit with a stated maturity or more than five years from the date of purchase. The average maturity for collateral provided to the City for deposits in connection with a repurchase agreement shall not exceed five years without the written approval of the Treasurer. In connection with any outstanding bond issue, debt service reserve funds may be invested to a maximum maturity of 15 years, and up to 30 years with the approval of the Treasurer.

(Dollars in thousands)

The investments had the following maturities on June 30, 2011:

		Investment maturities (in years)		
	Fair value	**Less than 1**	**1 – 5**	**6 – 10**
Federal Home Loan Bank	$ 64,310	51,041	13,269	—
Federal National Mortgage Association	61,332	39,325	22,007	—
Federal Home Loan Mortgage Corporation	55,880	50,873	5,007	—
Federal Farm Credit Discount Notes	16,592	16,592	—	—
U.S. Treasury Bills and Notes	33,812	33,812	—	—
Federal National Mortgage Pool	28,855	28,855	—	—
Government Backed Trusts	970	—	970	—
Money Market Mutual Funds	46,594	46,594	—	—
	$ 308,345	267,092	41,253	—

The investments had the following maturities on June 30, 2010:

		Investment maturities (in years)		
	Fair value	**Less than 1**	**1 – 5**	**6 – 10**
Federal Home Loan Bank	$ 108,621	79,027	29,594	—
Federal National Mortgage Association	96,156	93,668	—	2,488
Federal Home Loan Mortgage Corporation	63,575	60,541	3,034	—
Federal Farm Credit Discount Notes	23,790	13,728	10,062	—
U.S. Treasury Bills and Notes	7,736	7,736	—	—
Government Backed Trusts	926	—	926	—
Money Market Mutual Funds	44,382	44,382	—	—
	$ 345,186	299,082	43,616	2,488

(b) Credit Risk

The Investment Policy provides that investments of the City be rated in one of the three-highest ratings categories by Moody's Investors Service, Standard & Poor's Corporation, or Fitch's Ratings Service.

Of the Airport's investments in Federal Home Loan Mortgage Corporation as of June 30, 2011 and 2010, $50,873 and $60,541, respectively, were rated A-1+ by Standard and Poor's, and $5,007 and

$3,034, respectively, were rated AAA. Of the Airport's investments in Federal Home Loan Bank as of June 30, 2011 and 2010, $37,641 and $40,380, respectively, were rated A-1+ by Standard and Poor's, and $26,669 and $68,241, respectively, were rated AAA. Of the Airport's investments in Federal Farm Credit Discount Notes as of June 30, 2011 and 2010, $10,003 and $23,790 were rated AAA by Standard and Poor's, $2,678 was rated A-1+, and $3,911 were unrated as of June 30, 2011. Of the Airport's investments in Federal National Mortgage Association as of June 30, 2011 and 2010, $39,193 and $60,255, respectively, were rated A-1+ by Standard and Poor's, $20,708 and $2,488 were rated AAA, and $1,431 and $33,413 were unrated. The Airport's investments in Federal National Mortgage Pool as of June 30, 2011 were rated AAA by Standard and Poor's. The Airport's investments in Government Backed Trusts and Money Market Mutual Funds as of June 30, 2011 and 2010 were rated AAA by Standard and Poor's.

(c) Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a counterparty, the Airport will not be able to recover the value of the investments or collateral securities that are in the possession of the counterparty.

The Investment Policy requires that all cash deposits, time certificates of deposit, deposits with listed institutions, and repurchase agreements be covered by adequate pledged collateral. Acceptable collateral includes U.S. Treasury obligations, other interest-bearing securities guaranteed as to principal and interest by the U.S. or an agency or instrumentality of the U.S., bonds of the State of Missouri, or bonds of the City. The market value of the principal and accrued interest of the collateral must equal 103% of the deposits secured, less any amount subject to federal deposit insurance. All City securities and securities pledged as collateral must be held in a segregated account on behalf of the City by an independent third party with whom the City has a current custodial agreement and has been designated by the Treasurer and Funds Committee as eligible to serve in such a capacity.

At June 30, 2011 and 2010, all Airport investments and all collateral securities pledged against Airport deposits are held by the counterparty's trust department or agent in the City's name.

(d) Concentration of Credit Risk

The Investment Policy of the City provides that, with the exception of U.S. Treasury Securities, no more than 35% of the City's total investment portfolio will be invested in a single security type or with a single financial institution. The Airport has no separate policy related to the concentration of credit risk, and the Airport's concentration of credit risk is considered in conjunction with the review of the concentration of credit risk for the City's total investment portfolio.

(Dollars in thousands)

At June 30, 2011, the concentration of the Airport's investments (excluding cash deposits) was as follows:

Federal Home Loan Bank	20.86%
Federal National Mortgage Assoc.	19.89
Federal Home Loan Mortgage Corp.	18.12
Federal Farm Credit Discount Notes	5.38
U.S. Treasury Bills and Notes	10.97
Federal National Mortgage Pool	9.36
Government Backed Trusts	0.31
Money Market Mutual Funds	15.11
	100.00%

At June 30, 2010, the concentration of the Airport's investments (excluding cash deposits) was as follows:

Federal Home Loan Bank	31.47%
Federal National Mortgage Assoc.	27.85
Federal Home Loan Mortgage Corp.	18.42
Federal Farm Credit Discount Notes	6.89
U.S. Treasury Bills and Notes	2.24
Government Backed Trusts	0.27
Money Market Mutual Funds	12.86
	100.00%

(Dollars in thousands)

(3) Restricted Assets

Cash and investments, restricted in accordance with bond provisions, are as follows at June 30, 2011 and 2010:

		2011	2010
Airport Bond Fund:			
Debt Service Account	$	42,255	59,151
Debt Service Reserve Account		46,215	48,938
Airport Renewal and Replacement Fund		3,500	3,500
Passenger Facility Charge Fund		27,990	27,095
Airport Development Fund		93,825	101,930
Airport Construction Fund		127,850	134,761
Drug Enforcement Agency Funds		2,328	2,242
	$	343,963	377,617

Bond provisions require that revenues derived from the operation of the Airport be deposited into the unrestricted Airport Revenue Fund. From this fund, the following allocations are made (as soon as practicable in each month after the deposit of revenues, but no later than five business days before the end of each month) in the following order of priority, and as applicable:

(a) Unrestricted Airport Operation and Maintenance Fund: an amount sufficient to pay the estimated operation and maintenance expenses during the next month.

(b) Airport Bond Fund: for credit to the Debt Service Account if and to the extent required so that the balance in said account shall equal the accrued aggregate debt service on the bonds, to the last day of the then current calendar month. This account shall be used only for payment of bond principal and interest as the same shall become due.

(c) Airport Bond Fund: for credit to the Debt Service Reserve Account: an amount sufficient to maintain a balance in such account equal to the debt service reserve requirement (an amount equal to the greatest amount of principal and interest due in any future fiscal year). This account shall be available for deficiencies in the Debt Service Account on the last business day of any month, and the balance shall be transferred to the Debt Service Account whenever the balance in the Debt Service Account (before the transfer) is not sufficient to pay fully all outstanding bonds.

(d) Arbitrage Rebate Fund: an amount necessary to fund the Arbitrage Rebate in order to pay the Rebate Amount when due and payable.

(e) Subordinated Indebtedness: an amount sufficient to pay Subordinated Indebtedness in accordance with the authorizing and implementing documents for such Subordinated Indebtedness.

(Continued)

(f) Airport Renewal and Replacement Fund: an amount equal to $57, provided that no deposit shall be required to be made into said fund whenever and as long as uncommitted moneys in said fund are equal to or greater than $3,500 or such larger amount as the City shall determine is necessary for purposes of said fund and provided further that, if any such monthly allocation to said fund shall be less than the required amounts, the amount of the next succeeding monthly payments shall be increased by the amount of such deficiency. This fund shall be used for paying costs of renewal or replacement of capital items used in connection with the operation of the Airport.

(g) A subaccount in the Airport Revenue Fund: an amount determined from time-to-time by the City such that, if deposits were made in amounts equal to such amount in each succeeding month during each Airport fiscal year, the balance in such subaccount shall equal the amounts payable to the City with respect to such Airport fiscal year for the payment of 5% of gross receipts from operations of the Airport. A maximum of 80% of the monthly transfer to this subaccount may be paid to the City during the Airport's fiscal year. The final installment may only be paid to the City upon delivery of the Airport's audited financial statements to the Airport Bond Fund Trustee.

(h) Airport Debt Service Stabilization Fund and the Airport Development Fund: various amounts for fiscal years 2006 through 2011, achieved a balance of $38,211 at the end of fiscal year 2011. Beginning in fiscal year 2012, the Airport will allocate an amount sufficient to bring the amount on deposit in the Debt Stabilization Fund equal to the Debt Stabilization Fund Requirement (or such lesser amount as is available in the Revenue Fund for such transfer).

(i) The remaining balance in the Revenue Fund shall be deposited into the Airport Development Fund. This fund shall be used for extensions and improvements to the Airport, including equipment acquisition.

Bond provisions provide that, in the event the sums on deposit in the Airport Bond Fund – Debt Service and Debt Service Reserve Accounts are insufficient to pay accruing interest, maturing principal or both, Airport Development Fund, and Airport Renewal and Replacement Fund may be drawn upon, to the extent necessary, to provide for the payment of such interest, principal, or both. Any sums so withdrawn from these accounts for said purposes shall be restored thereto in the manner provided for in their original establishment. Bond provisions also provide that the principal proceeds from the sale of Airport revenue bonds shall be held in the Airport Construction Fund from which they shall be disbursed for the purposes contemplated in the related bond provisions and City ordinances.

Passenger Facility Charge Fund and Drug Enforcement Agency Funds are restricted in accordance with program agreements.

(Continued)

(Dollars in thousands)

(4) Capital Assets

Following is a summary of the changes in capital assets for the year ended June 30, 2011:

		Balances June 30, 2010	Additions	Retirements	Transfers	Balances June 30, 2011
Capital assets being depreciated:						
Pavings	$	952,919	—	(428)	20,891	973,382
Buildings and facilities		488,110	10,822	(4,918)	7,183	501,197
Equipment		70,245	3,464	(1,647)	9	72,071
		1,511,274	14,286	(6,993)	28,083	1,546,650
Less accumulated depreciation:						
Pavings		(314,741)	(29,864)	44	—	(344,561)
Buildings and facilities		(297,514)	(13,845)	3,388	—	(307,971)
Equipment		(46,919)	(3,579)	1,589	—	(48,909)
Total accumulated depreciation		(659,174)	(47,288)	5,021	—	(701,441)
Total capital assets being depreciated		852,100	(33,002)	(1,972)	28,083	845,209
Capital assets not being depreciated:						
Land		750,837	339	(71)	—	751,105
Construction in progress		32,872	25,235	(6,034)	(28,083)	23,990
Easements		3,506	—	—	—	3,506
Total capital assets not being depreciated		787,215	25,574	(6,105)	(28,083)	778,601
	$	1,639,315	(7,428)	(8,077)	—	1,623,810

(Dollars in thousands)

Following is a summary of the changes in capital assets for the year ended June 30, 2010:

		Balances June 30, 2009	Additions	Retirements	Transfers	Balances June 30, 2010
Capital assets being depreciated:						
Pavings	$	931,499	31	—	21,389	952,919
Buildings and facilities		461,233	501	—	26,376	488,110
Equipment		72,712	713	(4,312)	1,132	70,245
		1,465,444	1,245	(4,312)	48,897	1,511,274
Less accumulated depreciation:						
Pavings		(285,106)	(29,635)	—	—	(314,741)
Buildings and facilities		(282,922)	(14,592)	—	—	(297,514)
Equipment		(47,325)	(3,854)	4,260	—	(46,919)
Total accumulated depreciation		(615,353)	(48,081)	4,260	—	(659,174)
Total capital assets being depreciated		850,091	(46,836)	(52)	48,897	852,100
Capital assets not being depreciated:						
Land		750,557	473	(193)	—	750,837
Construction in progress		52,828	28,941	—	(48,897)	32,872
Easements		—	3,506	—	—	3,506
Total capital assets not being depreciated		803,385	32,920	(193)	(48,897)	787,215
	$	1,653,476	(13,916)	(245)	—	1,639,315

Construction in progress as of June 30, 2011 and 2010 consists of various improvements to the airfield and terminal buildings, as well as property purchased on which the Airport's expansion facilities will be constructed.

The estimated useful lives of capital assets are as follows:

	Years
Pavings	5 – 30
Buildings and facilities	5 – 30
Equipment	3 – 20

(Dollars in thousands)

(5) Change in Long-Term Liabilities

Following is a summary of the changes in long-term liabilities for the year ended June 30, 2011:

		Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Due within one year
Revenue bonds payable (see note 6)	$	905,405	29,535	(79,880)	855,060	19,985
Unamortized discounts, premiums, and deferred amounts on refunding (see note 6)		18,813	3,079	(2,914)	18,978	—
Net pension obligation (see note 14)		1,790	—	(15)	1,775	—
Due to City of Bridgeton		3,500	—	(3,500)	—	—
Pension Funding Project (see note 14)		5,510	—	(83)	5,427	89
Other long-term liabilities		651		(128)	523	—
Accrued vacation, compensatory, and sick time benefits		5,979	3,946	(4,021)	5,904	3,946
Deferred lease revenues		6,594	—	(282)	6,312	—
Total	$	948,242	36,560	(90,823)	893,979	24,020

Following is a summary of the changes in long-term liabilities for the year ended June 30, 2010:

		Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Due within one year
Revenue bonds payable (see note 6)	$	797,105	129,970	(21,670)	905,405	29,970
Unamortized discounts, premiums, and deferred amounts on refunding (see note 6)		20,999	3,461	(5,647)	18,813	—
Net pension obligation (see note 14)		1,780	10	—	1,790	—
Due to City of Bridgeton		7,500	—	(4,000)	3,500	3,500
Pension Funding Project (see note 14)		5,510	—	—	5,510	—
Other long-term liabilities		779	—	(128)	651	—
Accrued vacation, compensatory, and sick time benefits		6,223	3,270	(3,514)	5,979	3,949
Deferred lease revenues		7,200	—	(606)	6,594	—
Total	$	847,096	136,711	(35,565)	948,242	37,419

(Dollars in thousands)

(6) Revenue Bonds Payable

Bonds outstanding at June 30, 2011 and 2010 are summarized as follows:

	2011	2010
Bond Series 1997B, interest rate of 6%, payable in varying amounts through 2015	$ 21,860	26,635
Bond Series 1998, interest rate of 5.13%	—	38,825
Bond Series 2001A, interest rates ranging from 4.60% to 5.00%, payable in varying amounts through 2012	7,060	13,765
Bond Series 2002, Series A, B, and C, interest rates ranging from 4.00% to 5.50%, payable in varying amounts through 2033	38,450	40,175
Bond Series 2003A, interest rates ranging from 3.75% to 5.25%, payable in varying amounts through 2019	51,210	56,330
Bond Series 2005, interest rate ranging from 4.00% to 5.50%, payable in varying amounts through 2032	263,695	263,695
Bond Series 2007A, interest rate ranging from 4.00% to 5.25%, payable in varying amounts through 2033	231,275	231,275
Bond Series 2007B, interest rate of 5.00%, payable in varying amounts through 2028	104,735	104,735
Bond Series 2009A, interest rate ranging from 5.125% to 6.63%, payable in varying amounts through 2035	107,240	129,970
Bond Series 2011AB, interest rate ranging from 3.00% to 5.00%, payable in varying amounts through 2016	29,535	—
	855,060	905,405
Less:		
Current maturities	(19,985)	(29,970)
Unamortized discounts and premiums	44,612	47,202
Deferred amounts on refunding	(25,634)	(28,389)
	(1,007)	(11,157)
	$ 854,053	894,248

Interest payments on the above issues are due semiannually on January 1 and July 1.

On June 30, 2011, the Airport issued $29,535 in Series 2011 A and B Revenue Refunding Bonds payable in varying amounts from 2013 through 2016 with interest rates ranging from 3.00% to 5.00%. The Series 2011 Bonds, along with other sources of funding totaling $26,141 were used to advance refund the remaining outstanding bonds from the 1998 Series Revenue Refunding bonds totaling $33,135 and the 2009A-2 Series Revenue bonds totaling $16,775. The net proceeds of $30,738 (after the addition of a net issue premium of $1,408 and payment of $205 in issuance costs) as well as the $26,141 of other sources of funding were deposited into an irrevocable trust with an escrow agent to provide for the refunded debt service payments. At June 30, 2011, $33,135 of 1998 Series Revenue Refunding bonds and $16,775 of 2009A-2 Series Revenue bonds are considered defeased. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Airport's financial statements.

(Dollars in thousands)

The Airport completed the advance refunding to reduce its total debt services payments over the next 25 years by $6,569 and to obtain an economic gain (difference between the present value of the old and new debt services payments) of $1,378.

The deferred amounts on refunding of $25,634 and $28,389 at June 30, 2011 and 2010, respectively, are included in revenue bonds payable within the accompanying balance sheets. The deferred amounts on refunding are amortized as a component of interest expense using the bonds outstanding method over the life of the new bonds or of the old bonds, whichever is less.

Management is not aware of any violations of significant bond covenants with respect to the above issues at June 30, 2011 and 2010.

As of June 30, 2011, the Airport's aggregate debt service requirements for the next five years and in five-year increments thereafter are as follows:

		Principal	Interest	Total
Year(s) ending June 30:				
2012	$	19,985	41,501	61,486
2013		32,565	43,241	75,806
2014		36,390	41,693	78,083
2015		37,965	39,887	77,852
2016		40,305	37,890	78,195
2017 – 2021		197,595	157,676	355,271
2022 – 2026		201,895	105,852	307,747
2027 – 2031		210,895	50,920	261,815
2032 – 2035		77,465	6,095	83,560
	$	855,060	524,755	1,379,815

In prior years, the Airport advance refunded various Airport Revenue Bonds by placing funds in an irrevocable trust to provide for all future debt service payments on these bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Airport's financial statements. At June 30, 2011 and 2010, $559,550 and $522,675, respectively, of these outstanding bonds are considered defeased.

(7) Use Agreements and Leases with Participating Air Carriers

Effective January 1, 2006, the Airport entered into long-term use and lease agreements with participating air carriers that expired on June 30, 2011. Under the terms of the use and lease agreements, the air carriers have agreed to pay airfield landing fees; terminal and concourse rentals; hangar, cargo, and maintenance facility rentals; and certain miscellaneous charges in consideration for use of the Airport. The use and lease agreements also require the Airport to make certain capital improvements and to provide maintenance of certain Airport facilities. Payments by the air carriers are determined as follows:

(Dollars in thousands)

(a) Landing fees are calculated based on estimated operating and maintenance expenses of the airfield and allocated to the air carriers on the basis of landing weights. Landing fee revenues are adjusted each year by retroactive rate adjustment that is calculated as the difference between estimated and actual costs incurred and estimated and actual landing weights. These revenues are included in aviation revenue – airfield.

(b) Rentals are calculated based on estimated operating and maintenance expenses of the terminal and concourse areas and hangars, cargo, and maintenance facilities, and allocated to the air carriers on the basis of square footage utilized. Rental revenue is adjusted each year by retroactive rate adjustment that is calculated as the difference between estimated and actual costs incurred. These revenues are included in aviation revenue – terminal and concourses, hangars, and other buildings or cargo buildings, respectively.

(c) Miscellaneous income is derived from the air carriers for their use of sanitary disposal facilities and airline service buildings.

During fiscal years 2011 and 2010, revenues from participating air carriers accounted for 57% and 60%, respectively, of total Airport operating revenues.

Minimum future rentals for each year in the next five years and in the aggregate are not determinable given the method of calculation.

The following is a summary of aviation revenue by category and source from participating and nonparticipating air carriers for the years ended June 30, 2011 and 2010:

	2011		
	Participating	**Nonparticipating**	**Total**
Airfield	$ 52,970	9,571	62,541
Terminal and concourses	16,518	1,754	18,272
Hangars and other buildings	832	56	888
Cargo buildings	720	183	903
	$ 71,040	11,564	82,604

(Dollars in thousands)

		2010		
		Participating	Nonparticipating	Total
Airfield	$	59,469	10,532	70,001
Terminal and concourses		19,523	1,915	21,438
Hangars and other buildings		820	51	871
Cargo buildings		720	181	901
	$	80,532	12,679	93,211

No assurance can be given as to the levels of aviation activity that will be achieved at the Airport in future fiscal years. Future traffic at the Airport is sensitive to a variety of factors including: (1) the growth in the population and the economy of the area served by the Airport; (2) national and international political and economic conditions, including the effects of any past or future terrorist attacks; (3) air carrier economics and air fares; (4) the availability and price of aviation fuel; (5) air carrier service and route networks; (6) the capacity of the air traffic control system; and (7) the capacity of the Airport/airways system.

The level of aviation activity at the Airport can have a material impact on the amount of total revenues generated at the Airport. However, Airport management believes the risk of significant variance in Airport revenues is mitigated by the Airport Use Agreements, concession agreements, and other leases, which contain minimum annual revenue guarantees.

(8) Use Agreement with Participating Air Carriers – American Airlines, Inc. and Southwest Airlines

American Airlines, Inc. (American) and Southwest Airlines (Southwest) represent the major air carriers providing air passenger service at the Airport.

American provided 15% and 19% of the Airport's total operating revenues and 27% and 32% of total revenues from participating air carriers for the fiscal years ended June 30, 2011 and 2010, respectively. Accounts receivable at June 30, 2011 and 2010 contained $(143) and $698, respectively, relating to amounts owed to the Airport by American. These amounts include $(555) and $157 of unbilled aviation revenues at June 30, 2011 and 2010, respectively.

Southwest provided 24% and 22% of the Airport's total operating revenues and 41% and 37% of total revenues from participating air carriers for the fiscal years ended June 30, 2011 and 2010, respectively. Accounts receivable at June 30, 2011 and 2010 contained $(150) and $3,201, respectively, relating to amounts owed to the Airport by Southwest. These amounts include $(6) and $754 of unbilled aviation revenues at June 30, 2011 and 2010, respectively.

(9) Operating Leases

The Airport leases facilities and land with varying renewal privileges to various nonparticipating air carriers, concessionaires, and others. These leases, for periods ranging from 1 to 50 years, require the payment of minimum annual rentals. The following is a schedule by year of minimum future rentals on noncancelable operating leases, other than leases with participating airlines, pursuant to long-term use agreements:

(Dollars in thousands)

Year(s) ending June 30:		
2012	$	19,866
2013		18,523
2014		17,187
2015		11,521
2016		5,397
2017 – 2021		21,482
2022 – 2026		8,183
2027 – 2031		8,183
2032 – 2036		3,624
Total minimum future rentals	$	113,966

The above amounts do not include contingent rentals that may be received under certain leases. Such contingent rentals amounted to $3,347 and $3,492 for the years ended June 30, 2011 and 2010, respectively.

Deferred lease revenues included in other long-term liabilities in the amount of $6,312 and $6,594 as of June 30, 2011 and 2010, respectively, represent the up front lease revenues received by the Airport for the lease of certain land.

The Airport leases computer and other equipment and has service agreements under noncancelable arrangements that expire at various dates through 2014. Expenses for operating leases and service agreements were $107 and $121 for the years ended June 30, 2011 and 2010, respectively. Future minimum payments are as follows:

Year ending June 30:		
2012	$	72
2013		26
2014		14
2015		4
Total minimum future rentals	$	116

(10) Concessionaire Revenues

During fiscal years 2011 and 2010, revenues from concessionaires accounted for 17% and 16%, respectively, of total Airport operating revenues.

(Dollars in thousands)

Following is a summary of rental revenues received by type of concessionaire for the years ended June 30, 2011 and 2010:

		2011	2010
Advertising	$	1,465	1,578
Transportation services		1,114	1,153
Automobile rental		10,589	10,769
General merchandise sales		2,052	2,080
Food and catering services		4,107	3,933
Other		1,992	1,816
	$	21,319	21,329

(11) Parking Revenue, net

Parking revenues, net represents revenues collected in conjunction with the operations of the Airport parking facilities, net of related expenses. Gross parking revenue and parking expenses for the years ended June 30, 2011 and 2010 are as follows:

		2011	2010
Parking revenues	$	27,954	28,364
Parking expenses		(11,135)	(11,217)
Parking revenues, net	$	16,819	17,147

(12) Impairment of Capital Assets

Airport management performed an evaluation of capital assets, including whether prominent events or changes in circumstances affecting capital assets occurred, which may be indicative of impairment. As a result of evaluation of capital assets performed, and subsequent measurement of potential impairment losses, the Airport did not identify any impairments of capital assets during the years ended June 30, 2011 and 2010, respectively.

(13) Related-Party Transactions

During the years ended June 30, 2011 and 2010, the City charged the Airport $1,742 and $1,685, respectively, for services rendered by various City departments, which are included in the Airport's operating expenses as interfund services used.

Each year the Airport pays the City a gross receipts tax equal to 5% of the Airport's gross receipts. During the years ended June 30, 2011 and 2010, gross receipts tax amounted to $6,079 and $5,813, respectively, and is reflected as transfers out in the accompanying basic financial statements. As of June 30, 2011 and 2010, $1,820 and $1,536, respectively, remain unpaid.

(Continued)

(14) Retirement Plans

All employees of the Airport are covered by one of two Citywide employee retirement plans. The employees of the Airport Fire Department are covered by the Firemen's Retirement System of St. Louis (Firemen's System), a single-employer defined benefit retirement plan. All other employees are covered by the Employees' Retirement System of the City of St. Louis (Employees' System), a cost-sharing, multiple-employer, public defined benefit retirement plan. Each system is administered by a separate Board of Trustees, members of which are appointed by City officials and plan participants.

Firemen's Retirement System of St. Louis

(a) System Description

All firefighters qualify as members of the Firemen's System and are thereby eligible to participate from their date of hire.

The Firemen's System issues a publicly available financial report that includes financial statements and supplementary information. That information may be obtained by writing to the Firemen's Retirement System of St. Louis; 1601 S. Broadway; St. Louis, Missouri, 63104.

The Firemen's System provides retirement benefits as well as death and disability benefits. Members can voluntarily retire after a minimum of 20 years of service. The monthly allowance consists of 40% of the final two-year average monthly compensation at 20 years of service, plus 2% of such final average compensation for each of the next five years of service, plus 5% of such final average compensation for each additional year of service over 25 years with a maximum pension of 75%. Unused accrued sick pay may increase the maximum pension beyond the 75% limitation. Such benefits are authorized by State statues and adopted by City ordinance.

The Firemen's System, in accordance with Ordinance 62994 of the City, initiated during the Firemen's System's fiscal year ended August 31, 1994, the Deferred Retirement Option Plan (DROP). The DROP plan is available to members of the system who have achieved at least 20 years of creditable service and have eligibility for retirement. Those members who elect to participate will continue active employment, will have a service retirement allowance credited monthly into the DROP account of the member, and the member's contribution will be reduced to 1% from the normal 8%. During participation in the DROP plan, the member will not receive credit for employer contributions or credit for service. A member may participate in the DROP only once for any period up to five years. At retirement, the funds in the member's DROP account plus interest and accrued sick leave, if elected, is available to the member in a lump sum or in installments.

(b) Funding Policy

Firefighters are required to contribute 8% of their salary to the Firemen's System, as mandated per State statute and adopted by City ordinance. The City is required to contribute the remaining amounts necessary to fund the Firemen's System. Members of the Firemen's System are entitled to a lump-sum distribution of the entire amount of their contribution without interest upon service retirement. Members whose employment terminates prior to retirement are entitled to a lump-sum distribution of their contribution, plus interest thereon.

(Dollars in thousands)

(c) Annual Pension Cost

Contributions of $1,785 were made to the Firemen's System by the Airport during the fiscal year ended June 30, 2011. The contribution consisted of $1,473 of normal cost, plus $312 in unfunded actuarial accrued liability amortization payments in accordance with actuarially determined contribution requirements based on an actuarial valuation performed at October 1, 2009. The following were some of the significant actuarial assumptions used in the valuation of the Firemen's System:

Date of actuarial valuation	October 1, 2010
Actuarial cost method	Entry age frozen liability method
Amortization method	30 years closed period from establishment
Remaining amortization period	Various
Asset valuation methods	3 year smoothed market
Inflation rate	3.500%, per year
Investment rate of return	7.625%, compounded annually
Projected salary increases	4.000%, per year to retirement age
Projected post-retirement benefit increases:	
Under age 60:	
20 – 24 service years	1.50% per year
25 – 29 service years	2.25% per year
30 or more service years	3.00% per year
Over age 60	3.00% per year, maximum cumulative increase of 25%

Three year trend information – firemen's system

Fiscal year	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
2011	$ 1,785	100	$ —
2010	1,219	100	—
2009	748	100	—

(d) Funded Status

The funded status for the Firemen's System as a whole as of October 1, 2010 and 2009, respectively, is as follows. A determination of funded status is not made for individual funds.

(Dollars in thousands)

Actuarial valuation date		Actuarial value of assets		Actuarial Accrued Liability (AAL)		Unfunded AAL (UAAL)	Funded ratio		Annual covered payroll	UAAL as a percentage of covered payroll
10/1/2010	$	407,028	$	439,352	$	(32,324)	92.6%	$	40,789	79.2%
10/1/2009		449,655		487,313		(37,658)	92.3		42,052	89.6%

For additional required supplementary information, refer to the City of St. Louis, Missouri, Comprehensive Annual Financial Report (CAFR) as of and for the year ended June 30, 2011. Such information presents multi-year trend information about whether the actuarial value of plan assets for the Firemen's System as a whole is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Employees' Retirement System of the City of St. Louis

(e) System Description

All nonuniformed employees of the Airport become members of the Employees' System upon employment, with the exception of employees hired after attaining age 60.

The Employees' System issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing to the Employees Retirement System of the City of St. Louis; 1114 Market Street, Suite 900; St. Louis, Missouri 63101.

The Employees' System provides for defined benefit payments for retirement, death, or disability to eligible employees or their beneficiaries based upon creditable service, final average compensation, and a benefit compensation base. Benefits vest to employees covered by the Employees' System after the employee has attained five years of creditable service. Employees retire with full retirement benefits after the age 65 or if the employee's age and creditable service combined equal or exceed 85. Employees may retire and receive a reduced benefit after age 60, with five years of creditable service; age 55, with 20 years of creditable service; or at any age after 30 years of creditable service. The monthly pension benefits of all retirees or their beneficiaries are adjusted according to the changes in the consumer price index of the U.S. Department of Labor. Increases are limited each year, with total increases to retirees or their beneficiaries limited to 25%.

On June 8, 2000, the Mayor of the City approved an ordinance passed by the Board of Aldermen, Authorizing a Deferred Retirement Option Plan (DROP), which became effective January 1, 2001. This plan states that when members reach retirement age, they are allowed to work for five additional years and defer receipt of their retirement allowance. The calculation of average salary for retirement benefits will not include the additional years of service after normal retirement age. The amount that would have been received as retirement benefit is put in a special DROP account monthly. The DROP account will not be adjusted for cost of living increases as the normal retirement benefits are. The DROP account earns interest at the actuarial valuation rate of return and at the 10 year U.S. Treasury Bond yield as of September 30 for DROP participants enrolling February 1, 2003 and thereafter. After the member completely terminates employment, the member can withdraw amounts from the DROP account in a lump sum or according to a deferred retirement payment plan.

(Dollars in thousands)

(f) Funding Policy

The Employees System's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. If contributions are necessary, level percentage of payroll employer contribution rates are determined using the projected unit credit actuarial cost method. Employer contribution rates are established annually by the Board of Trustees based on an actuarial study. The Board of Trustees established the required employer contributions rate based active member payroll of 11.85% effective July 1, 2010, and 10.92% of active member payroll effective July 1, 2009.

Employees who became members of the Employees' System prior to October 14, 1977, and continue to make contributions, may make voluntary contributions to the Employees' System equal to 3% of the employee's compensation until the employee's compensation equals the maximum annual taxable earnings under the Federal Social Security Act. Thereafter, employees may contribute 6% of their compensation for the remainder of the calendar year. These voluntary contributions vest immediately.

(g) Annual Pension Cost and Net Pension Obligation

The Airport's allocation of the City's annual pension cost and net pension obligation to the Employees' System for the years ended June 30, 2011 and 2010 are as follows:

		2011	2010
Annual required contribution	$	2,724	2,670
Interest on net pension obligation		144	142
Adjustment to annual required contribution		(159)	(158)
Annual pension cost		2,709	2,654
Contributions made		(2,724)	(2,644)
Increase in net pension obligation		(15)	10
Net pension obligation, beginning of year		1,790	1,780
Net pension obligation, end of year	$	1,775	1,790

The net pension obligation of $1,775 and $1,790 as of June 30, 2011 and 2010, respectively, are reflected as other long term liabilities in the accompanying financial statements. During fiscal year 2008, the City of St. Louis Municipal Finance Corporation issued $140,030, in Taxable Leasehold

(Dollars in thousands)

Revenue and Refunding Bonds Series 2007 (Pension Funding Project), of which $46,700 was used to fund the Employees Retirement System. While the Airport is not legally responsible for these bonds, $5,510 of the bond proceeds was allocated to the Airport. As of June 30, 2011, $89 is recorded as accounts payable and accrued expenses, which reflects the portion of the liability due in one year. In addition, a $5,338 liability is reflected as part of other long-term liabilities on the balance sheet and is payable to the City of St. Louis by June 30, 2037.

The following were some of the significant actuarial assumptions used in the valuation of the Employee's System:

Date of actuarial valuation	October 1, 2010
Actuarial cost method	Projected unit credit actuarial cost method
Amortization method	Level dollar amount for unfunded liability, open
Remaining amortization period	30 years as of October 1, 2010
Asset valuation methods	The market value of assets less unrecognized returns in each of the last five years, but no earlier than October 1, 2005. Unrecognized return is equal to the difference between the actual market return and expected market return, and is recognized over a five year period. The actuarial asset value is further adjusted, if necessary, to be within 20% of the market value. The actuarial asset value was initialized as the market value as of October 1, 2005.
Inflation rate	3.125%
Investment rate of return	8.00%
Projected salary increases	Varies by age, ranging from 3.500% to 7.017%
Cost of living adjustments	3.125% per year, maximum cumulative increase of 25%

Three-year trend information – employees' system

Fiscal year	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
2011	$ 2,709	100.59%	$ 1,775
2010	2,654	99.45	1,790
2009	2,735	99.44	1,780

(Continued)

(Dollars in thousands)

(h) Funded Status

The funded status for the Employees' System as a whole as of October 1, 2010 and 2009, respectively, is as follows. A determination of funded status is not made for individual funds.

Actuarial valuation date		Actuarial value of assets		Actuarial Accrued Liability (AAL)		Unfunded AAL (UAAL)	Funded ratio		Annual covered payroll	UAAL as a percentage of covered payroll
10/1/2010	$	671,609	$	820,670	$	(149,061)	81.8%	$	232,452	64.1%
10/1/2009		667,667		794,686		(127,019)	84.0		240,409	52.8%

For additional required supplementary information, refer to the City of St. Louis, Missouri, Comprehensive Annual Financial Report (CAFR) as of and for the year ended June 30, 2011. Such information presents multi-year trend information about whether the actuarial value of plan assets for the Employees' System as a whole is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

(15) Commitments and Contingencies

At June 30, 2011, the Airport had outstanding commitments amounting to approximately $45,501 resulting primarily from contracts for construction projects. In addition, the Airport has $17,503 in outstanding commitments resulting from service agreements.

In connection with Federal grant programs, the Airport is obligated to administer the related programs, spend the grant moneys in accordance with regulatory restrictions, and is subject to audit by the grantor agencies. In cases of noncompliance, the agencies involved may require the Airport to refund program moneys.

Finally, certain lawsuits were pending against the City that involved the Airport. In the opinion of Airport officials and legal counsel, these actions are not expected to have a material effect, individually or in the aggregate, on the financial position or results of operations of the Airport.

(16) Loss on Disposal of Surplus Property

During the year ended June 30, 2008, as a result of an agreement between the City of St. Louis and City of Bridgeton (Bridgeton), the Airport recognized a $30,532 loss on the disposal of surplus property, which was originally acquired by the Airport for the purpose of noise mitigation and airport expansion. This agreement resolved and settled the remaining disputes between the Airport and Bridgeton. The key items in the agreement required the Airport to (1) pay over a three year period, $10,800 to Bridgeton, (2) convey to Bridgeton approximately forty-two acres of land, and (3) lease to Bridgeton various parcels of land. Other key items in the agreement required Bridgeton to convey to the Airport approximately twenty-six acres of land. The land conveyed to Bridgeton by the Airport was originally recorded at cost. The cost of the land capitalized by the Airport in prior years represented all costs associated with preparing the land for its intended purpose of noise mitigation and airport expansion, including the costs of acquiring the land and returning the land to an undeveloped state. The land conveyed to the Airport by Bridgeton was recorded at fair market value. The difference resulted in a loss to the Airport. The terms of settlement for the surplus land included restrictions on the use of land resulting from its proximity to the Airport. Approximately ten acres of the land conveyed to the Airport was leased to Bridgeton.

The above land transactions are part of a larger settlement agreement with Bridgeton. The Airport obtained FAA approval on the settlement agreement prior to closing on the agreement. As such, the Airport did not receive cash, but consideration in the form of an exchange of similar properties. The receipt of these properties completed the land acquisition of all remaining properties owned by Bridgeton that are within the W-1W boundaries. As stated in the preceding paragraph, the Airport paid over a three year period, $10,800 to Bridgeton. At June 30, 2010, the liability totaled $3,500, and was included in other long-term liabilities. As of June 30, 2011, the liability is $0.

(17) Risk Management

The Airport is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Airport participates in the Public Facilities Protection Corporation (PFPC), an internal service fund of the City of St. Louis, Missouri. The purpose of PFPC is to account for risks in which the City is self-insured, primarily workers' compensation, unemployment benefits, certain general liability, and various other claims and legal actions. All self-insured claims liabilities and payments are recorded in PFPC. The Airport reimburses PFPC for workers' compensation claims on a cost-reimbursement basis. During the years ended June 30, 2011 and 2010, expenses related to the Airport's participation in PFPC amounted to $911 and $799, respectively, and are reflected as interfund services used in the accompanying basic financial statements. At June 30, 2011 and 2010, the Airport owed PFPC $2,082 and $2,011, respectively, for unreimbursed workers' compensation claims.

The Airport purchases commercial insurance for other risks it considers significant, including general liability, public officials' liability, property damage, employee honesty bond, business auto, and insurance on its fine arts. Settled claims did not exceed commercial coverage in any of the last three years.

(18) Pledged Revenues

The Airport has pledged future specific revenue streams, net of specified operating expenses, to secure the repayment of $855,060 in various long-term debt issuances, as outlined in note 6. The general purpose of the various long-term debt issuances is for land acquisition and construction of the capital assets at the Airport. The bonds are payable from Airport net revenues and are payable through July 2034. Annual principal and interest payments on the bonds are expected to require less than 80% of estimated Airport net revenues. As of June 30, 2011, the total principal and interest remaining to be paid on the bonds is $1,379,815. Principal and interest paid was $76,912 and $65,827 for the years ended June 30, 2011 and 2010, respectively. The pledged net revenue recognized for the year ended June 30, 2011 and 2010 was $73,412 and $83,044, respectively.

(19) Extraordinary Item – Natural Disaster

On April 22, 2011, the Airport sustained a direct hit on Concourse C, in Terminal 1, from an F-4 Tornado. There was also additional damage to other areas of Terminal 1 as well as the parking lots and surrounding areas of the Airport. As of June 30, 2011, work is continuing on the rebuild of Concourse C, which is scheduled to open to the public at the beginning of April 2012. As of June 30, 2011, the roof has been replaced and the windows in the ticket hall of Terminal 1 have also been replaced. Representatives for Lexington Insurance Company and the Airport continue to work together to approve and process claims. In addition, the Federal Emergency Management Agency (FEMA) has approved a reimbursement of 75% of the Airport's $100 insurance deductible.

Lexington Insurance Company advanced the Airport $15,000 to cover storm related renovation expenses as of June 30, 2011. As of June 30, 2011, the $15,000 was used to cover $587 of operating expenses (payroll, supplies and contract services) and $1,449 of business interruption loss revenues (landing fees, concessions, parking, rental cars and terminal rentals). In addition, the Airport estimates that another $10,000 will be received upon settlement of the final claim. The damage resulting from the natural disaster resulted in a net reduction of capital assets of $1,914. As a result, as of June 30, 2011, the $23,086 net estimated insurance recoveries were recorded as an extraordinary item on the Statement of Revenues, Expenses, and Changes in Net Assets. In addition, an insurance recovery receivable was recorded on the balance sheet in the amount of $10,000, which represents the additional amount estimated to be received from the insurance company.

(20) Subsequent Events

(a) New Airport Use & Lease Agreement

A new Airport Use & Lease Agreement (AUA) was effective July 1, 2011 for the eleven signatory air carriers that signed. The main highlight of the agreement is giving the Airport financial stability for the next five years which is the term of the AUA. Other major highlights include (1) Hybrid Rate Methodology of Residual-Compensatory but "Quasi" Residual for the entire rate methodology; (2) Higher terminal rental rates; (3) Nonsignatory airlines are paying a 25% landing fee premium; (4) Additional costs are spread over the airfield as well as the terminals; and (5) a new rate mitigation program for the airlines.

(b) New Third Party Parking Operator

The Airport has a new three year agreement with AMPCO System Parking, Inc. to manage and operate its six parking facilities and shuttle bus service. The first year's annual management fee is $655 which is $30 less than the $685 that was being paid to Central Parking for the last three years. The management fee for the second year is $675 and $685 for the third year of their contract. AMPCO began their term on September 1, 2011.

(c) China Cargo

The Airport celebrated the inaugural flight of China Cargo Airlines on September 23, 2011. This was the Airport's first all-cargo flight direct from China with the landing of a Boeing 777F. The new route will also be served by 747-400F aircraft. China Cargo, and parent company China Eastern Airlines, signed a two-year lease for cargo space at the Airport. The current schedule will bring one flight a week from Shanghai to St. Louis. Chinese government and aviation leaders at the landing celebration expressed hope that this service will grow immediately. The new service is the culmination of several years of negotiations between China, China Cargo Airlines and the Midwest China Hub Commission, a coalition of private business associations and governmental groups in Missouri.

(d) Fuel System Lease & Use Agreement

A new twenty year Fuel System Lease & Use Agreement will begin on January 1, 2012. The agreement is with a consortium of airlines called the STL Fuel Company, LLC for the operation and maintenance of the fuel farm and fuel hydrant system. This replaces the current fifty year agreement with a subsidiary of Allied Aviation, Inc. The main reasons for this new agreement are: (1) the airlines will have the opportunity to reduce their costs by competitively bidding the into-plane fuel; and (2) the Airport will benefit by establishing explicit contractual environmental obligation to the LLC, additional revenue, and stronger contractual oversight of the operation and maintenance of the Fuel System.

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LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Analysis of Cash and Investment Accounts

Year ended June 30, 2011

(Dollars in thousands)

	Unrestricted			Held by trustee bond fund	
	Revenue fund	**Revenue fund subaccount**	**Operation and maintenance fund**	**Debt service account**	**Debt service reserve account**
Balance at June 30, 2010	$ 1,453	1,537	6,356	59,151	48,938
Cash deposited with City Treasurer	143,441	—	—	—	—
Cash receipts	—	—	—	1,014	1,345
Transfer in accordance with ordinance	(131,901)	6,079	86,480	59,005	(7,120)
Vouchers and requisitions paid	(12,099)	—	(83,688)	—	(548)
Bond proceeds	—	—	—	27,138	3,600
Payments:					
Interest	—	—	—	(46,945)	—
Redemption of bonds	—	—	—	(29,970)	—
Refunding of bonds	—	—	—	(27,138)	—
Payments to the City of 5% of gross receipts	—	(5,793)	—	—	—
Receipts from FAA and MoDOT	—	—	—	—	—
Receipts from TSA	—	—	—	—	—
Capital appropriation	—	—	—	—	—
Capital expenditures	—	—	—	—	—
Balance at June 30, 2011	$ 894	1,823	9,148	42,255	46,215

See accompanying independent auditors' report.

Restricted						
Other restricted funds						
Renewal and replacement fund	Passenger facility charge fund	Development fund	Appropriated	Unappro-priated	DEA Fund	Total
3,500	27,095	101,930	126,115	8,646	2,242	386,963
—	26,299	—	—	—	—	169,740
—	111	—	(267)	(954)	219	1,468
—	(29,589)	(8,904)	25,730	220	—	—
—	—	—	—	(442)	(133)	(96,910)
—	—	—	—	—	—	30,738
—	—	—	—	—	—	(46,945)
—	—	—	—	—	—	(29,970)
—	—	—	—	—	—	(27,138)
—	—	—	—	—	—	(5,793)
—	—	13,678	—	—	—	13,678
—	—	—	—	—	—	—
—	4,074	(12,879)	3,563	(1,676)	—	(6,918)
—	—	—	(33,085)	—	—	(33,085)
3,500	27,990	93,825	122,056	5,794	2,328	355,828

Schedule II

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT

(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 1997B Revenue Refunding Bonds Payable

June 30, 2011

(Dollars in thousands)

Maturity on July 1	Interest rate		Principal maturity
2011	6.00%	$	5,035
2012	6.00		5,310
2013	6.00		5,605
2014	6.00		5,910
		$	21,860

See accompanying independent auditors' report.

Schedule III

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2001A Airport Revenue Bonds Payable

June 30, 2011

(Dollars in thousands)

Maturity on July 1	Interest rate	Principal maturity	Interest rate	Principal maturity	Total principal maturity
2011	4.60%	$ 1,760	5.00%	$ 5,300	$ 7,060

See accompanying independent auditors' report.

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2002 Airport Revenue Bonds Payable

June 30, 2011

(Dollars in thousands)

	2002A		2002B		2002C		Total
Maturity on July 1	**Interest rate**	**Principal maturity**	**Interest rate**	**Principal maturity**	**Interest rate**	**Principal maturity**	**principal maturity**
2011	5.25%	$ 690	5.25%	$ 760	5.50%	$ 1,055	$ 2,505
2012	5.25	1,675	4.25	800	5.50	1,110	3,585
2013	4.00	1,760	4.25	835	5.50	1,170	3,765
2014	—	—	4.00	870	5.50	1,240	2,110
2015	—	—	4.50	910	5.50	1,305	2,215
2016	—	—	4.60	950	5.50	—	950
2017	—	—	4.70	995	—	—	995
2018	—	—	4.75	1,040	—	—	1,040
2019	—	—	4.75	1,090	—	—	1,090
2020	—	—	4.88	1,145	—	—	1,145
2021	—	—	4.88	1,200	—	—	1,200
2022	—	—	5.00	1,255	—	—	1,255
2023	—	—	5.00	1,320	—	—	1,320
2024	—	—	5.00	1,385	—	—	1,385
2025	—	—	5.00	1,455	—	—	1,455
2026	—	—	5.00	1,525	—	—	1,525
2027	—	—	5.00	1,605	—	—	1,605
2028	—	—	5.00	1,685	—	—	1,685
2029	—	—	5.00	1,770	—	—	1,770
2030	—	—	5.00	1,855	—	—	1,855
2031	—	—	5.00	1,950	—	—	1,950
2032		—	5.00	2,045	—	—	2,045
		$ 4,125		$ 28,445		$ 5,880	$ 38,450

See accompanying independent auditors' report.

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT

(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2003A Revenue Refunding Bonds Payable

June 30, 2011

(Dollars in thousands)

Maturity on July 1	Discount serial bonds Interest rate	Discount serial bonds Principal maturity	Premium serial bonds Interest rate	Premium serial bonds Principal maturity	Total principal maturity
2011	3.75%	$ 235	5.25%	$ 5,150	$ 5,385
2012	3.88	190	5.25	5,485	5,675
2013	4.00	5,940	5.25	—	5,940
2014	4.00	6,185	5.25	—	6,185
2015	4.13	795	5.25	5,680	6,475
2016	4.25	125	5.25	6,690	6,815
2017	4.25	250	5.25	6,930	7,180
2018	4.30	2,555	5.25	5,000	7,555
		$ 16,275		$ 34,935	$ 51,210

See accompanying independent auditors’ report.

Schedule VI

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2005 Revenue Refunding Bonds Payable

June 30, 2011

(Dollars in thousands)

Maturity on July 1	Interest rate	Principal maturity
2013	4.00%	$ 630
2014	4.00	650
2015	5.50	15,880
2016	5.50	18,915
2017	5.50	20,075
2018	5.50	21,955
2019	5.50	21,705
2020	5.00	6,910
2021	5.00	4,765
2022	5.00	3,820
2023	5.00	2,395
2024	5.50	2,515
2025	5.50	2,655
2026	5.50	2,795
2027	5.50	24,545
2028	5.50	26,135
2029	5.50	27,570
2030	5.50	29,090
2031	5.50	30,690
		$ 263,695

See accompanying independent auditors' report.

Schedule VII

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2007A Revenue Refunding Bonds Payable

June 30, 2011

(Dollars in thousands)

Maturity on July 1	Interest rate	Principal maturity
2012	5.00%	$ 8,670
2013	5.00	13,425
2014	5.00	15,675
2015	5.00	3,725
2016	5.00	2,585
2017	5.00	2,645
2018	5.00	2,410
2019	4.00	2,530
2020	5.00	18,625
2021	5.00	22,150
2022	5.00	24,335
2023	5.00	20,865
2024	4.25 – 5.00	21,915
2025	5.00 – 5.25	22,935
2026	5.25	24,105
2027	4.25	3,700
2028	4.25	3,855
2029	4.25	4,015
2030	4.25	4,190
2031	4.25	4,365
2032	4.25	4,555
		$ 231,275

See accompanying independent auditors' report.

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2007B Revenue Refunding Bonds Payable

June 30, 2011

(Dollars in thousands)

Maturity on July 1	Interest rate		Principal maturity
2015	5.00%	$	6,260
2016	5.00		6,545
2017	5.00		6,850
2018	5.00		6,760
2019	5.00		7,105
2020	5.00		7,460
2021	5.00		7,830
2022	5.00		8,220
2023	5.00		8,635
2024	5.00		9,065
2025	5.00		9,520
2026	5.00		9,995
2027	5.00		10,490
		$	104,735

See accompanying independent auditors' report.

Schedule IX

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT

(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2009A Revenue Bonds Payable

June 30, 2011

(Dollars in thousands)

Maturity on July 1	Interest rate		Principal maturity
2011	—%	$	—
2012	—		—
2013	—		—
2014	—		—
2015	—		—
2016	5.125		3,195
2017	5.250		3,355
2018	5.375		3,535
2019	6.000		3,720
2020	6.125		3,945
2021	6.125		4,185
2022	6.125		4,445
2023	6.125		4,715
2024	6.125		5,005
2025	6.250		5,310
2026	6.250		5,645
2027	6.250		5,995
2028	6.250		6,370
2029	6.250		6,770
2030	6.625		7,190
2031	6.625		7,670
2032	6.625		8,175
2033	6.625		8,720
2034	6.625		9,295
		$	107,240

See accompanying independent auditors' report.

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of 2011AB Revenue Bonds Payable

June 30, 2011

(Dollars in thousands)

Maturity on July 1	Interest rate		Principal maturity
2012	3.000%	$	9,325
2013	4.000		7,025
2014	5.000		7,435
2015	5.000		5,750
		$	29,535

See accompanying independent auditors' report.

LAMBERT – ST. LOUIS INTERNATIONAL AIRPORT
(An Enterprise Fund of the City of St. Louis, Missouri)

Schedule of Insurance

June 30, 2011

(Dollars in thousands)

Insurer		Amount	Expiration date	Character of coverage
ACE USA	$	100,000	10/1/2012	Liability Prime/TRIA
ACE/ Lloyds London		350,000	10/1/2012	General liability excess
Zurich		7,000	10/1/2012	Public official's and employee's liability
Lexington Insurance		839,647	10/1/2012	Property damage and business interruption
The Hartford Insurance Company		100	–	Employee Honesty Bond
The Cincinnati Insurance Company		1,000	10/1/2012	Business auto and excess
Ace Fire Underwriters Insurance		50,936	10/1/2012	Tunnel property

See accompanying independent auditors' report.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Amended and Restated Indenture of Trust dated as of July 1, 2009 between the City and the Trustee (the "Restated Indenture"), which restated and superseded the Indenture of Trust dated as of October 15, 1984 (the "Original Indenture"), between the City and the Trustee (the Original Indenture, as amended and restated by the Restated Indenture, and as amended and supplemented from time to time, is referred to herein as the "Indenture"). This summary does not purport to set forth all of the provisions of the Indenture and reference is made to the Indenture for its complete and actual terms.

Definitions

The following terms have the following meanings in the Indenture, unless a different meaning clearly appears from the context:

"2012 Costs of Issuance Sub-Account" means the account by that name established pursuant to the Indenture.

"2012 Debt Service Reserve Sub-Account" means the account by that name established pursuant to the Indenture.

"2012 Refunding Sub-Account" means the account by that name established pursuant to the Indenture.

"Accountant's Certificate" means a certificate signed by an independent certified public accountant or a firm of certified public accountants selected by the City satisfactory to the Trustee, who may be the accountant or firm of accountants who regularly audit the books of the City.

"Accrued Aggregate Debt Service" means, as of any date of calculation, an amount equal to the sum of (i) interest on the Bonds of all Series accrued and unpaid and to accrue to the end of the then current calendar month, and (ii) Principal Installments due and unpaid and that portion of the Principal Installments for all Series next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Debt Service) to the end of such calendar month.

"Additional Bonds" means Bonds authenticated and delivered pursuant to the Indenture, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Indenture.

"Additional Project" means the extension, improvement, purchase, acquisition, construction and enlargement of facilities, appurtenances and equipment, and the acquisition of land, for the Airport to be financed, in whole or in part, from the proceeds of Additional Bonds issued pursuant to the provisions of the Indenture.

"Adjusted Debt Service" means Debt Service, except that for any Series of Partially Amortizing Bonds it will mean Debt Service for each Fiscal Year other than the Fiscal Year in which the final maturity date of such Bonds occurs and, with respect to such Fiscal Year and each Fiscal Year thereafter through the Fiscal Year ending on the date which is the anniversary of the final maturity date of such Series next occurring before the date which is 25.5 years after their issuance, that amount which if paid in substantially equal installments in each such Fiscal Year would pay the full amount of principal of such Bonds and the interest thereon (at the Index Interest Rate) by such anniversary.

"Aggregate Adjusted Debt Service" means, as of any particular date of computation and with respect to any period, the sum of the amounts of Adjusted Debt Service for such period with respect to all Series of Bonds.

"Aggregate Debt Service" means, as of any particular date of computation and with respect to any period, the sum of the amounts of Debt Service for such period with respect to all Series of Bonds.

"Airport" means the Lambert-St. Louis International Airport owned and operated by the City, including all land owned as of the date of the Indenture or acquired after the date of the Indenture by the City (by lease or otherwise) for purposes of such airport (including, without limitation, noise mitigation and clear zone purposes) and all improvements and facilities in existence as of the date of the Indenture and located on any such land, as said Airport may be added to, extended, improved or constructed and equipped after the date of the Indenture.

"Airport Commission" means the Airport Commission of the City, or such officer, board or commission of the City who or which may be legally given the powers and duties given to the Airport Commission.

"Airport Consultant" means the airport consultant or airport consulting firm or corporation at time retained by the City pursuant to the Indenture to perform the acts and carry out the duties provided for such Airport Consultant in the Indenture.

"Airport Fiscal Year" means the twelve-month period beginning on July 1 of one year and ending on June 30 of the following year, or such other fiscal year of twelve months as may be selected by the City.

"Annual Budget" means the annual budget of the City (through the Airport Commission) for the Airport, as amended or supplemented from time to time, adopted or in effect for a particular City Fiscal Year as provided in the Indenture.

"Arbitrage Rebate Fund" means the Airport Arbitrage Rebate Fund established by the Indenture.

"Authorized Officer of the City" means the Mayor, the Comptroller or the Treasurer of the City, or any other officer or employee of the City authorized under the laws of the State, the Charter or ordinance of the City to perform specific acts or duties related to the subject matter of the authorization.

"Beneficial Owner" means as provided in Rule 13d-3 under the Securities Exchange Act of 1934, as amended.

"Bond" or "Bonds" means the Series 1984 Bonds and any Additional Bonds.

"Bond Counsel" means The Stolar Partnership LLP and White Coleman & Associates, LLC, or any other attorney or firm of attorneys nationally recognized on the subject of municipal bonds selected by the City and acceptable to the Trustee.

"Bond Counsel's Opinion" means an opinion of an attorney or firm of attorneys experienced and nationally recognized in matters relating to tax-exempt financing under the Code.

"Bond Fund" means the Airport Bond Fund established by the Indenture.

"Bondholder," "Holder of Bonds," "Owner" or "Owner of Bonds" or any similar term, means any person who is the registered owner of any Bond or Bonds.

"Bond Insurance Policy" means the municipal bond insurance policy issued by a Bond Insurer that guarantees payment of the principal of, and interest on a series of Bonds or any portion thereof.

"Bond Insurer" means each insurance company which has insured the payment of the principal of and interest on all or any portion of the Bonds, and any successor thereto.

"Bond Registrar" means the Trustee and any other bank or trust company organized under the laws of any state or national banking association appointed by the City to perform the duties of Bond Registrar enumerated in the Indenture. The term "Bond Registrar" also includes any Co-Registrar appointed pursuant to the Indenture.

"Business Day" means any day of the year other than (a) a Saturday or Sunday or (b) a day on which banks located in New York, New York, St. Louis, Missouri or Kansas City, Missouri are required or authorized by law to remain closed.

"Capital Budget" means the capital budget of the City (through the Airport Commission) for the Airport, as amended or supplemented from time to time, adopted or in effect for a particular City Fiscal Year as provided in the Indenture.

"Charter" means the Charter of the City as in effect from time to time.

"City" means the City of St. Louis, Missouri.

"City Fiscal Year" means the twelve-month period beginning on July 1 of one year and ending on June 30 of the following year, or such other fiscal year of twelve months as may be selected by the City.

"City Held PFC Revenues" means, collectively, PFC Revenues on deposit in the Revenue Fund and PFC Revenues held by the City in the PFC Account and available to pay debt service.

"City Sub-Account" means the City Sub-Account established within the Revenue Fund in the Indenture.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations thereunder, as applicable, and any successor to such Code.

"Comptroller" means the Comptroller of the City.

"Contingency Fund" means the Airport Contingency Fund established by the Indenture.

"Construction Fund" means the Airport Construction Fund established by the Indenture.

"Consulting Engineers" means the engineer or engineering firm or corporation at the time retained by the City pursuant to the Indenture to perform the acts and carry out the duties provided for such Consulting Engineers in the Indenture.

"Cost of Construction" means, with respect to the Initial Project or an Additional Project, the City's costs properly attributable to the construction or acquisition thereof, including but not limited to, the cost of acquisition by or for the City of real or personal property or other interest therein, costs of physical construction, and costs of the City incidental to such construction or acquisition, including but not limited to the cost of any indemnity and surety bonds and premiums on insurance during construction, planning, architectural, engineering, inspection and construction management fees, legal fees and expenses, cost of audits, fees and expenses of the Fiduciaries and costs of financing, construction period interest on any Bonds issued in connection with such Project, administrative and general overhead and keeping accounts and making reports required by the Indenture prior to commencement of operation of such Project, amounts, if any, required by the Indenture to be paid into any Fund or Account established under the Indenture upon the issuance of any Series of Bonds, payments when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of the City (other than the Bonds) incurred for such Project, costs of machinery, equipment and supplies and initial working capital required by the City for the commencement of operation of such Project, the initial funding of the reserves required under the Indenture, and may include reimbursement to the City for any such items of Cost of Construction theretofore paid by or on behalf of the City. "Cost of Construction" will also include the Costs of Issuance of any Series of Bonds to the extent payable from the Construction Fund pursuant to the Indenture or a Supplemental Indenture.

"Cost of Issuance Account" means the Cost of Issuance Account established with respect to a Series of Bonds in accordance with the Indenture.

"Cost of Issuance" means all items of expense, directly or indirectly payable or reimbursable by or to the City and related to the authorization, sale and issuance of any Bonds including, but not limited to, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any Fiduciary, legal fees and charges, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds, costs and expenses of refunding, premiums for the insurance of the payment of Bonds, fees payable in connection with any letter of credit securing all or a portion of the Bonds, financing charges, accrued interest with respect to the initial investment of proceeds of Bonds and any other costs, charge or fee in connection with the issuance of Bonds.

"Counsel's Opinion" means an opinion of an attorney or firm of attorneys nationally recognized on the subject of tax-exempt municipal financings (who may be counsel to the City) selected by the City and satisfactory to the Trustee.

"Counterparty" means an entity whose senior long-term debt obligations, or whose obligations under an Interest Rate Exchange Agreement, are guaranteed by a financial institution whose senior long term debt obligations have a rating in one of the three highest categories of each of the Rating Agencies.

"Debt Service" for any period means, as of any date of calculation and with respect to any Series of Bonds, an amount equal to the sum of (i) interest accruing during such period on Bonds of such Series, except to the extent that such interest on the Bonds of such Series is to be paid from deposits (including investment income thereon) in the Debt Service Account made from Bond proceeds or other amounts available therein, and (ii) that portion of each Principal Installment for such Series of Bonds which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series (or, if there will be no such preceding Principal Installment due date, from the date of issuance of such Series). Such interest and Principal Installments for such Series of Bonds shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each

Principal Installment on the due date thereof. For the purposes of any projections required by the Indenture with respect to Variable Rate Bonds, interest will be calculated on the basis of the average interest rate or rates borne on Variable Rate Bonds Outstanding during any consecutive 12 months of the preceding 24 months, except that (i) for the purpose of satisfying the conditions for the issuance of Additional Bonds, if the Variable Rate Bonds are being issued on the date of computation, the rate of interest will be assumed to be 110% of the initial interest rate of such Bonds, and (ii) for the purpose of satisfying the Debt Service Reserve Requirement, if any, the interest rate for any Variable Rate Bonds will be computed at the average interest rate on such Bonds during the preceding Airport Fiscal Year or if not Outstanding during the preceding Airport Fiscal Year, the initial interest rate of such Bonds; provided, however, that no payments required for any Option Bonds, other Bonds or Interest Rate Exchange Agreements which may be tendered or otherwise presented for payment at the option or demand of the Owners thereof, or which may otherwise become due by reason of any other circumstance which will not, with certainty, occur during such period, will be included in any computation of Debt Service prior to the stated or theretofore extended maturity or otherwise certain due dates thereof, and all such payments will be deemed to be required on such stated or theretofore extended maturity dates or otherwise certain due dates; and provided further, however, that if the City in a Supplemental Indenture for a Series of Bonds elects to enter into an Interest Rate Exchange Agreement and deem any payments received thereunder as Revenues, Debt Service will include any amounts payable by the City during such interest rate period pursuant to such Interest Rate Exchange Agreement (other than termination payments thereunder).

"Debt Service Account" means the Airport Debt Service Account established within the Bond Fund.

"Debt Service Reserve Account" means the Debt Service Reserve Account established within the Bond Fund.

"Debt Service Reserve Requirement" means, as of any date of calculation for the then Outstanding Bonds, unless otherwise specified in a Supplemental Indenture for a particular Series of Bonds, an amount which will equal the least of: (i) 10% of the proceeds of such Series of Bonds, (ii) 125% of the average annual debt service on such Series of Bonds or (iii) the maximum annual debt service on such Series of Bonds. Such amount for any Series of Bonds may be satisfied by a deposit of cash or a letter of credit, revolving credit agreement, standby purchase agreement, surety bond, insurance policy or similar obligation, arrangement or instrument issued by a bank, insurance company or other financial institution which provides for payment of all or a portion of the Principal Installments and/or interest due on any Series of Bonds or provides funds for the purchase of such Bonds or portions thereof, which shall be rated at the time of issuance of the applicable Series of Bonds in one of the three highest rating categories by the Rating Agencies (without giving effect to gradations within a rating category), and shall permit the full amount thereof to be drawn down at least thirty days prior to the expiration thereof, **provided, however**, that if the rating of any issuer or provider of such letter of credit, revolving credit agreement, standby purchase agreement, surety bond, insurance policy or similar obligation, arrangement or instrument is thereafter downgraded below the fourth highest rating category (without giving effect to gradations within a rating category) by any of the Rating Agencies, then, upon notice of such downgrade to the City from the Trustee, a deficiency shall exist in the Debt Service Reserve Account in the amount of such downgraded letter of credit, revolving credit agreement, standby purchase agreement, surety bond, insurance policy or similar obligation, arrangement or instrument, which amount shall be replenished as set forth in the Indenture or by the deposit of cash or a substitute letter of credit, revolving credit agreement, standby purchase agreement, surety bond, insurance policy or similar obligation, arrangement or instrument issued by a bank, insurance company or other financial institution which shall be rated in one of the three highest rating categories by the Rating Agencies at the time of deposit (without giving effect to gradations within a rating category). A

Supplemental Indenture for a Series of Bonds may specify that the Debt Service Reserve Requirement may be satisfied either at the closing date for such Series of Bonds or by depositing such requirement over time from Revenues monthly in substantially equal amounts which time period will not exceed sixty months from the closing date for such Series; alternatively, a Supplemental Indenture for a Series of Bonds may specify that such Series of Bonds will not have a Debt Service Reserve Requirement, in which event such Series of Bonds will not be entitled to a lien on such account.

"Debt Service Stabilization Fund" means the Airport Debt Service Stabilization Fund established by the Indenture.

"Debt Service Stabilization Fund Requirement" means an amount equal to 35% of the maximum annual Debt Service on the Bonds due in the then current or any future Airport Fiscal Year, subject to the provisions of the Indenture.

"Depositary" means any bank or trust company qualified under the Indenture, selected by the City pursuant to the Indenture and approved in writing by the Trustee as a depositary of moneys and securities held under the provisions of the Indenture and will include the Trustee.

"Development Fund" means the Airport Development Fund established by the Indenture.

"Director of Airports" means the Director of Airports of the City or such officer of the City who after the date of the Indenture may be given the powers and duties currently given to the Director of Airports.

"DTC" means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the New York Banking Law, as amended, a "banking organization" within the meaning of the New York Banking Law, as amended, a member of the Federal Reserve System, a "clearing corporation," within the meaning of the New York Uniform Commercial Code, as amended, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended, and its successors and assigns.

"Event of Default" will have the meaning given to such term in the Indenture.

"FAA" means the Federal Aviation Administration, or the successor to its powers and authority.

"Fiduciary" means the Trustee, the Bond Registrar and any Paying Agent, or any or all of them as may be appropriate.

"Fitch" means Fitch Ratings, Inc.

"GARB Revenues" means all revenues collected by the City relating to, from or with respect to its possession, management, supervision, operation and control of the Airport, including all rates, charges, landing fees, rentals, use charges, concession revenues, revenues from the sale of services, supplies or other commodities, any investment income realized from the investment of amounts in the Revenue Fund, and any other amounts deposited into the Revenue Fund. GARB Revenues do not include: (a) any revenue or income from any Special Facilities, except ground rentals therefor or any payments made to the City in lieu of such ground rentals and the revenue or income from Special Facilities which are not pledged to the payment of Special Facilities Indebtedness, (b) any moneys received as grants, appropriations or gifts from the United States of America, the State or other sources, the use of which is limited by the grantor or donor to the planning or the construction of capital improvements, including land acquisition, for the Airport, except to the extent any such moneys will be received as payment for the use of the Airport, (c) any Bond proceeds and other money (including investment earnings) credited to the Construction Fund for the financing of capital improvements to the Airport, (d) any interest earnings or other gain from investment of moneys or securities in any escrow or similar account pledged to the payment of any obligations therein specified in connection with the issuance of Refunding Bonds or the defeasance of any Series of Bonds in accordance with the Indenture, (e) any consideration received by the City upon transfer of the Airport pursuant to the Indenture, (f) interest income on, and any profit realized from, the investment of moneys in (i) the Construction Fund or any other construction fund funded from proceeds of Bonds or (ii) the Debt Service Account or the Debt Service Reserve Account if and to the extent there is any deficiency therein, (g) any passenger facility charge or similar charge levied by or on behalf of the Airport against passengers or cargo, including any income or earnings thereon, (h) insurance proceeds which are not deemed to be GARB Revenues in accordance with generally accepted accounting principles (other than proceeds that provide for lost revenue to the Airport for business interruption or business loss), (i) the proceeds of any condemnation or eminent domain award, (j) the proceeds of any sale of land, buildings or equipment, (k) any money received by or for the account of the Airport from the levy of taxes upon any property in the City, and (1) amounts payable to the City under an Interest Rate Exchange Agreement unless and to the extent designated as Revenues by the City in a Supplemental Indenture.

"Government Securities" means any securities described in clauses (i) and (vii) of the definition of "Investment Securities" provided that such reference shall be to clauses (1) and (10) of the proviso to such definition so long as such proviso shall apply.

"Indenture" means the Original Indenture, as amended and restated by the Restated Indenture, as supplemented and amended, authorizing Airport Revenue Bonds of the City, as the same may from time to time be amended or supplemented by a Supplemental Indenture in accordance with the terms of the Indenture.

"Index Interest Rate" means the per annum interest rate set forth in the most recently issued Revenue Bond Index published by The Bond Buyer or, in the event such Index is no longer published, in such comparable index selected by the Trustee.

"Initial Project" means the capital project financed or refinanced with the proceeds of the Series 1984 Bonds.

"Insurance Consultant" means an insurance consultant or other expert (and may include the Airport Consultant) having expert knowledge and skill with respect to the scope and amounts of insurance coverages appropriate for airport facilities similar to the Airport.

"Interest Payment Date" means January 1 and July 1 of each year beginning January 1, 2013 with respect to the Series 2012 Bonds.

"Interest Rate Exchange Agreement" means and includes any financial arrangement (i) that is entered into by the City with an entity that is a Counterparty; (ii) which provides that the City will pay to such Counterparty an amount based either on the principal amount or the notional amount equal to the principal amount of all or a portion of a Series of Bonds, and that such Counterparty will pay to the City an amount based on the principal amount of such Series of Bonds, in each case computed in accordance with a formula set forth in such Interest Rate Exchange Agreement, or that one will pay to the other any net amount due under such arrangement; or that the City will be paid by the Counterparty an amount, based either on the principal amount or a notional amount equal to the principal amount of all or any portion of the Variable Rate Bonds of such Series, if the interest rate on such Series of Variable Rate Bonds exceeds a previously agreed upon rate, and/or the City will pay to the Counterparty an amount, based on a notional amount equal to the principal amount of all or any portion of the Variable Rate Bonds of such Series, if the interest rate on such Series of Variable Rate Bonds is less than a previously agreed upon rate; (iii) which has been designated in writing to the Trustee by an Authorized City Representative as an Interest Rate Exchange Agreement with respect to a Series of Bonds and (iv) which, in the opinion of Bond Counsel, will not adversely affect the exclusion of interest on Bonds from gross income for the purposes of federal income taxation.

"Investment Securities" means and includes, unless otherwise specified in a Supplemental Indenture, any of the following obligations, to the extent the same are at the time legal for investment of funds of the City, or under other applicable law: (i) any bonds or other obligations which as to principal and interest constitute direct obligations of, or the full and timely payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, including obligations of any federal agency to the extent the full and timely payment of the principal of and interest on such obligations are unconditionally guaranteed by the United States of America; (ii) senior debt obligations and mortgage-backed securities issued by Federal Land Banks, Export-Import Bank of the United States, Federal Financing Bank, FNMA (excluding stripped mortgage securities which are purchased at prices exceeding their principal amount), FHLMC (excluding stripped mortgage securities which are purchased at prices exceeding their principal amount), Farmers Home Administration, Federal Housing Administration, Private Export Funding Corporation, Federal Farm Credit System and senior debt obligations and letter of credit-backed issues issued by the Student Loan Marketing Association; (iii) time deposits, certificates of deposit or any other deposit with a bank, trust company, national banking association, savings bank, federal mutual savings bank, savings and loan association, federal savings and loan association or any other institution chartered or licensed by any state or the U.S. Comptroller of the Currency to accept deposits in such state ("deposits" meaning obligations evidencing deposit liability which rank at least on a parity with the claims of general creditors in liquidation), which are (a) fully secured by direct obligations of the United States having a market value (exclusive of accrued interest) which will meet the over-collateralization levels and meet the criteria required by each Rating Agency to maintain the rating on the Bonds or (b) secured to the extent, if any, required by each Rating Agency and made with an institution whose debt securities are rated at least equal to the then current rating on the Bonds (or equivalent rating of short-term obligations if the investment is for a period not exceeding one year) by each Rating Agency; (iv) repurchase agreements backed by or related to obligations described in (i) or (ii) above with any institution which will not adversely affect the then current rating on the Bonds by each Rating Agency; (v) investment agreements, secured or unsecured as required by each Rating Agency, with any institution which will not adversely affect the then current rating on the Bonds by each Rating Agency; (vi) if rated at a level which will not adversely affect the then current rating on the Bonds by each Rating Agency, direct and general obligations of or obligations guaranteed by any state or possession of the United States or the District of Columbia, to the payment of the principal of and interest on which the full faith and credit of such state, possession or District of Columbia is pledged; (vii) pre-refunded municipal obligations rated in the highest rating category by each Rating Agency and meeting the following conditions (a) such obligations are: (A) not subject to redemption prior to maturity or the Trustee has been given irrevocable instructions concerning their calling and redemption, and (B) the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions, (b) such obligations are secured by Investment Securities described in clause (i) above that may be applied only to interest, principal and premium payments of such obligations, and (c) the principal of and interest on such Investment Securities described in clause (i) above (plus any cash in the escrow fund with respect to such pre-refunded obligations) are sufficient to meet the liabilities of the obligations; (viii) interest-bearing notes issued by a bank having combined capital and surplus of at least $500,000,000 whose senior debt is rated in the highest rating category by each Rating Agency; (ix) tax-exempt revenue bond obligations of a state, municipality or governmental unit rated at least "AA" by each Rating Agency; (x) money market funds registered under the Investment Company Act of 1940, as amended (the "1940 Act") or shares of a diversified open-end management investment company, as defined in the 1940 Act, whose shares are registered under the Securities Act of 1933, as amended, which invests only in securities of the type described in clause (i) or (ii) above and having the highest possible rating from each Rating Agency; (xi) Eurodollar time deposits issued by a bank with a deposit rating in one of the two highest short-term deposit rating categories by each Rating Agency; (xii) long-term or medium-term corporate debt guaranteed by any corporation that is rated in one of the three highest rating categories by each Rating Agency; (xiii) short-term corporate debt including commercial paper which is rated in the highest short-term rating category by each Rating Agency; and (xiv) public housing bonds issued by public agencies which are either (a) fully guaranteed by the United States of America, or (b) temporary notes, preliminary loan notes or project notes secured by a requisition or payment agreement with the United States of America, or (c) state or public agency or municipality obligations rated in the highest credit rating category by each Rating Agency; provided that it is expressly understood that the definition of Investment Securities will be, and be deemed to be, expanded, or new definitions and related provisions will be added to the Indenture, thus permitting investments with different characteristics from those permitted which the City deems from time to time to be in the interest of the City to include as Investment Securities, if at the time of inclusion such inclusion will not, in and of itself, adversely affect the then current rating on the Bonds. Investment Securities must be limited to those instruments that have a predetermined fixed dollar amount of principal due at maturity that cannot vary or change, and if the obligation is rated, it should not have an 'r' highlighter affixed to its rating.

"Moody's" means Moody's Investors Service, Inc.

"Net Revenues" means Revenues less Operation and Maintenance Expenses.

"Operation and Maintenance Expenses" means the City's expenses for operation, maintenance, repairs, ordinary replacement and ordinary reconstruction of the Airport, including a reasonable reserve for uncollectible Revenues, and will include, without limitation, administrative and overhead expenses, insurance premiums, deposits for self-insurance, legal, engineering, consulting, accounting or other professional service expenses, union contributions, payments to pension, retirement, group life insurance, health and hospitalization funds, or other employee benefit funds, costs of rentals of equipment or other personal property, costs of rentals of real property, costs incurred in collecting and attempting to collect any sums due the City in connection with the operation of the Airport, and any other expenses required to be paid by the City under the provisions of the Indenture or by laws or consistent with standard practices for airports similar to the properties and business of the Airport and applicable in the circumstances, including, without limitation, an allocable share of administrative personnel costs incurred by the City at locations other than the Airport in connection with the operations of the Airport, and the expenses, liabilities and compensation of the fiduciaries required to be paid under the Indenture, all to the extent properly attributable to the Airport. "Operation and Maintenance Expenses" will not include any capital development cost or any allowance for depreciation or any operation or maintenance costs for Special Facilities where the lessee is obligated under its Special Facilities lease to pay such expenses.

"Operation and Maintenance Fund" means the Airport Operation and Maintenance Fund established by the Indenture.

"Option Bonds" means Bonds which by their terms may be tendered for payment by and at the option of the Owners thereof prior to the stated maturity thereof, or the maturities of which may be extended at the option of the Owners thereof.

"Original Indenture" means the Indenture of Trust dated as of October 15, 1984, between the City and Mercantile Trust Company, National Association, predecessor in interest to the Trustee.

"Outstanding" or "outstanding", when used with reference to Bonds, means as of a particular date, all Bonds theretofore and thereupon being authenticated and delivered under the Indenture except as otherwise provided therein.

"Partially Amortizing Bonds" will mean a Series of Bonds providing for principal payments such that: (i) the principal and interest coming due in the final year exceeds by more than 25% the amount coming due in any prior year; and (ii) the principal amount payable in the year ending on the final maturity date of such Series will not exceed the lesser of (a) 75% of the original principal amount of such Series or (b) the amount that would have been Outstanding on the day prior to the final maturity date of such Bonds if the Bonds of such Series had required level debt service payments (with interest payable at the Index Interest Rate) over the period beginning on the first principal payment date of such Series and ending on the anniversary of the final maturity date of such Series next occurring before the date which is 25.5 years after their issuance.

"Paying Agent" or "Paying Agents" means the Trustee or any other bank or banks or trust company or trust companies designated by the City as paying agent for the Bonds of any Series, and its successor or successors after the date of the Indenture appointed in the manner provided in the Indenture.

"PFC Account" means the Airport PFC Account established by the Indenture and held by the City.

"PFC Act" means the Aviation Safety and Capacity Expansion Act of 1990, Pub. L. 101-508, Title IX, Subtitle B, §§ 9110 and 9111, recodified as 49U.S.C. § 40117, as amended from time to time.

"PFC-Eligible Debt Service" means, for any PFC Year, the debt service on Bonds the proceeds of which were used to finance PFC-Eligible Projects.

"PFC-Eligible Projects" means any projects that (i) are approved by the FAA for the imposition of PFC Revenues and (ii) are designated by the City as "PFC-Eligible Projects" pursuant to a Supplemental Indenture for the purpose of including the debt service thereon in the definition of PFC-Eligible Debt Service.

"PFC Revenues" means the PFCs remitted to the City as a result of enplanements at the Airport, including any interest earned thereon.

"PFCs" means the passenger facility charges imposed at the Airport from time to time pursuant to the PFC Act, the regulations thereunder and any record of decision of the FAA relating to passenger facility charges.

"PFC Year" means each one-year period from July 2 of a calendar year through and including July 1 of the succeeding calendar year.

"Pledged PFC Revenues" means the portion of PFC Revenues that has been pledged to the payment of the Bonds pursuant to the terms of a Supplemental Indenture with respect to PFC-Eligible Projects which have been financed by proceeds of Bonds.

"Principal Installment" means, as of the date of calculation and with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding, (i) the principal amount of Bonds of such Series due on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance (determined as provided in the Indenture) of any Sinking Fund Installments due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (iii) if such future dates coincide as to different Bonds of such Series, the sum of such principal amounts of Bonds and of such unsatisfied balances of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

"Principal Payment Date" means July 1 of each year.

"Rating Agency" or "Rating Agencies" means, with respect to the Bonds or any Series of Bonds, Moody's, S&P and Fitch, to the extent that any of such rating services have issued a credit rating on the Bonds which is in effect at the time in question or, upon discontinuance of any of such rating services, such other nationally recognized rating service or services, if any, which has issued a credit rating on the Bonds at the request of the City and such credit rating is in effect at the time in question.

"Rebate Amount" means the amount required to be paid to the United States under Section 148(f) of the Code.

"Record Date" means the 15th day of the month (whether or not a Business Day) preceding an Interest Payment Date.

"Redemption Price" means, with respect to any Series 2012 Refunding Bond, the sum of one hundred percent (100%) of the principal amount plus accrued interest to the redemption date of the Series 2012 Bonds or portions thereof to be redeemed, together with accrued interest to the redemption date.

"Renewal and Replacement Fund" means the Airport Renewal and Replacement Fund established by the Indenture.

"Restated Indenture" means the Amended and Restated Indenture of Trust between the City and the Trustee dated as of July 1, 2009.

"Revenue Fund" means the Airport Revenue Fund established by the Indenture.

"Revenues" means, collectively, GARB Revenues, the Pledged PFC Revenues and any other available moneys deposited in the Revenue Fund.

"S&P" means Standard & Poor's Ratings Services.

"Series" means all Bonds of a designated series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Indenture regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

"Series 1984 Bonds" means the Airport Revenue Bonds, Series 1984, Lambert St. Louis International Airport authorized to be issued pursuant to Article II of the Original Indenture to finance costs of the Initial Project.

"Series 2012 Bonds" means the Airport Revenue Refunding Bonds, Series 2012 (AMT) (Lambert-St. Louis International Airport).

“Sinking Fund Installment” means an amount so designated which is established pursuant to the Indenture.

“Special Facilities” means those capital improvements or facilities acquired or constructed after the date of the Original Indenture and described in the Indenture.

“Special Facilities Indebtedness” means any indebtedness issued by the City or any other public corporation or public instrumentality to finance Special Facilities in accordance with the Special Facilities covenant, described in the Indenture.

"State" means the State of Missouri.

“Subordinated Indebtedness” means any evidence of debt referred to in, and complying with the provisions of the Indenture.

“Supplemental Indenture” means any indenture of the City amending or supplementing the Indenture and adopted and becoming effective in accordance with the terms of the Indenture.

“Tax Certificate” means, with respect to a Series of Bonds, the Tax Certificate as to Arbitrage and the Provisions of Sections 141-150 of the Code, or any similar tax compliance agreement, of the City to evidence compliance with the provisions of Sections 141 through 150 of the Code.

“Tax-Exempt Bonds” means Bonds the interest on which at the time of their original issuance was, in Bond Counsel’s Opinion, exempt from federal income taxation or excluded from gross income for federal income tax purposes under the Code.

"Treasurer" means the Treasurer of the City.

“Trustee” means UMB Bank, N.A., as successor to Mercantile Trust Company National Association, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Indenture.

“Trust Estate” means (i) the proceeds of the sale of the Series 2009 Bonds; (ii) Revenues; and (iii) all funds established by the Indenture, including the investments, if any, thereof; (iv) all other property of every name and nature from time to time mortgaged, pledged or hypothecated as and for additional security under the Indenture by the City, or by anyone on its behalf or with its written consent, in favor of the Trustee, which is authorized to receive all such property at any time and to hold and apply the same subject to the terms of the Indenture; and (v) all proceeds of any of the foregoing.

“Underwriters” means those underwriters identified in the Bond Purchase Agreement relating to the sale, purchase and delivery of the Series 2012 Bonds.

“Use Agreements” means the commercial airlines/airport use agreements between the principal certificated air carriers and the City, as amended from time to time.

“Variable Rate Bond” means any Bond the rate of interest on which is subject to change prior to maturity and cannot be determined in advance of such change.

Issuance of Bonds

The Indenture authorizes the issuance of one or more series of Bonds to be designated as "Airport Revenue Bonds," which may be issued in one or more series as provided in the Indenture. Each such series of Bonds be designated as "Airport Revenue Bonds" and will include such further appropriate designation as the City shall determine to distinguish the Bonds of such Series from the Bonds of all other Series.

The Indenture authorizes the issuance of one or more Series of Additional Bonds for the purpose of paying the Cost of Construction of the completion of the Additional Project and all or a portion of the Cost of Construction of any Additional Project. The issuance of Additional Bonds is subject to certain conditions and tests, including, but not limited to:

(1) An Accountant's Certificate setting forth (a) for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the authentication and delivery of such Series, the Net Revenues for such 12-month period, and (b) the Aggregate Adjusted Debt Service for such 12-month period, and demonstrating that for such 12-month period Net Revenues equaled at least 1.25 times the Aggregate Adjusted Debt Service;

(2) A certificate of the Consulting Engineers setting forth (a) the estimated date of completion for the Additional Project for which such Series of Additional Bonds is being issued, and (b) an estimate of the Cost of Construction of such Additional Project;

(3) A certificate of the Airport Consultant setting forth, for each of the three Airport Fiscal Years following the Airport Fiscal Year in which the Consulting Engineers estimate such Additional Project will be completed, estimates of (a) Net Revenues and (b) amounts to be deposited from Revenues into the Debt Service Reserve Account, the Renewal and Replacement Fund and the Development Fund;

(4) A certificate of an Authorized Officer of the City setting forth (a) the estimates of Net Revenues, as set forth in the certificate of the Airport Consultant pursuant to paragraph (3) above, for each of the three Airport Fiscal Years following the Airport Fiscal Year in which it is estimated that such Additional Project will be completed, (b) the estimates of the amounts to be deposited in certain funds and accounts from Revenues as set forth in the certificate of the Airport Consultant pursuant to paragraph (3) above, for each of the three Airport Fiscal Years following the Airport Fiscal Year in which it is estimated that such Additional Project will be completed, and (c) the Aggregate Adjusted Debt Service, determined after giving effect to the issuance of such Additional Bonds and including the Aggregate Debt Service, as estimated by such Authorized Officer, with respect to future Series of Bonds, if any, which such Authorized Officer shall estimate (based on the estimate of the Consulting Engineers of the Cost of Construction for such Additional Project utilizing the Index Interest Rate) will be required to complete payment of the Cost of Construction of such Additional Project, and demonstrating that the estimated Net Revenues in each of the Airport Fiscal Years set forth in (a) above is at least equal to 1.25 times Aggregate Adjusted Debt Service for the corresponding Airport Fiscal Year determined as described in (c) above; and

(5) A Bond Counsel's Opinion to the effect that the issuance and sale of such Additional Bonds and the application of the proceeds thereof in accordance with the terms of the Supplemental Indenture authorizing such Bonds will not adversely affect the tax-exempt status of any Bonds outstanding immediately prior to the issuance of such Additional Bonds.

The proceeds, including accrued interest, of the Additional Bonds of each Series are to be applied simultaneously with the delivery of such Bonds in accordance with the Supplemental Indenture authorizing such Bonds.

The amount of Pledged PFC Revenues that may be counted for the purpose of meeting the Additional Bonds Test pursuant to the Indenture for any Airport Fiscal Year may not exceed 125% of the sum of the outstanding and proposed PFC-Eligible Debt Service for such Airport Fiscal Year.

Refunding Bonds

The Indenture authorizes the issuance of one or more Series of Refunding Bonds for the purpose of refunding all or a portion of the principal and/or interest components of (i) any Outstanding Bonds, (ii) any Subordinated Indebtedness, (iii) any Special Facilities Indebtedness, or (iv) any other indebtedness issued for Airport purposes. Refunding Bonds are to be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the Funds under the Indenture required by the provisions of the Supplemental Indenture authorizing such Bonds.

Refunding Bonds of each Series issued to refund one or more Series of Outstanding Bonds or one or more maturities within a Series are to be authenticated and delivered by the Trustee only upon receipt by it from the City (in addition to the documents and moneys required by the Indenture) of:

(1) Irrevocable instruction to the Trustee, satisfactory to it, to give due notice of redemption of all Bonds to be redeemed, if any, on a redemption date specified in such instructions;

(2) If the Bonds to be refunded are not by their terms subject to redemption within the next succeeding 60 days, irrevocable instructions to the Trustee, satisfactory to it, to mail the notice provided for in the Indenture to the Owners of the Bonds being refunded;

(3) Either (a) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date, which moneys are to be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Owners of the Bonds to be refunded, or (b) Government Securities in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications, as are necessary to comply with the provisions of the Indenture and any moneys required pursuant to the Indenture, which Government Securities and moneys are to be held in trust and used only as provided in the Indenture; and

(4) Either of the following: (a) a certificate of an Authorized Officer of the City setting forth (i) the Aggregate Debt Service and the Aggregate Adjusted Debt Service for the then current and each future Airport Fiscal Year to and including the Airport Fiscal Year next preceding the date of the latest maturity of any Bonds of any Series then Outstanding (X) with respect to the Bonds of all Series Outstanding immediately prior to the date of authentication and delivery of such Refunding Bonds, and (Y) with respect to the Bonds of all Series to be Outstanding immediately thereafter, and (ii) that the Aggregate Debt Service and the Aggregate Adjusted Debt Service set forth for each Airport Fiscal Year pursuant to (Y) above are no greater than the corresponding amounts set forth for such Airport Fiscal Year pursuant to (X) above; or (b) the certificates required by the Indenture evidencing that such Series of Refunding Bonds meets the tests provided for by the Indenture considering, for all purposes of such certificates and tests,

that such Series of Refunding Bonds is a Series of Additional Bonds, provided that, for such purpose, the estimated date of completion for the Additional Project being refinanced by such Series of Refunding Bonds shall be the later of (i) the date of issuance of such Series of Refunding Bonds or (ii) the then estimated completion date for the Additional Project being refinanced having the latest estimated completion date.

The proceeds, including accrued interest, of the Refunding Bonds of each such Series shall be applied simultaneously with the delivery of such Bonds for the purpose of making deposits in such Funds and Accounts under the Indenture as shall be provided in the Supplemental Indenture authorizing such Bonds and is to be applied to the refunding purposes thereof in the manner provided in said Supplemental Indenture.

Pledge Effected by the Indenture

The Bonds are secured by a pledge of, and the Bondholders are granted an express lien on (i) the proceeds of sale of the Bonds, (ii) Revenues, and (iii) all Funds established by the Indenture, including the investments, if any, thereof.

Pledged PFC Revenues

Pledged PFC Revenues for a given PFC Year constitute that portion of the PFC Revenues that, for such PFC Year, equals 125% of the amount of PFC-Eligible Debt Service due during such PFC Year. Pursuant to the Indenture, the City has pledged the Pledged PFC Revenues for the benefit of the Owners of the Bonds. The City will not create a lien on Pledged PFC Revenues that is senior to the lien of the Bonds. The City may, at any time with the execution and delivery of a Supplemental Indenture, submit additional PFC Revenues to the pledge of the Indenture.

Elimination of or Decrease in the Amount of Pledged PFC Revenues

The City may decrease the amount of Pledged PFC Revenues pledged to the Bonds, or eliminate the pledge of the Pledged PFC Revenues to the Bonds, upon receipt by the Trustee from the City of both of the following:

(i) A certificate of the Airport Consultant setting forth for each of three Airport Fiscal Years following the Airport Fiscal Year in which the pledge of the Pledged PFC Revenues will be decreased or eliminated, estimates of (A) Net Revenues (as adjusted to reflect the reduction or elimination of Pledged PFC Revenues), (B) the Aggregate Adjusted Debt Service (determined after giving effect to any Additional Bonds to be issued on or before the date of decrease or elimination of such pledge), and (C) demonstrating that the estimated Net Revenues set forth in (A) are at least equal to 1.25 times Aggregate Adjusted Debt Service for the corresponding Airport Fiscal Years determined as set forth in (B) above; and

(ii) An opinion of Bond Counsel to the effect that all conditions precedent to the decrease or elimination of the Pledged PFC Revenues have been met and such decrease or elimination will not adversely affect exclusion from gross income for federal income tax purposes of the interest on any Outstanding Bonds.

Establishment of Funds

The Indenture establishes the following Funds relating to the Series 2012 Bonds:

(A) 2012 Costs of Issuance Account, to be held by the Trustee; and

(B) Airport Bond Fund held by the Trustee, including the (i) 2002B Refunding Sub-Account of the Debt Service Account, (ii) the Series 2002C Refunding Sub-Account of the Debt Service Account, and (iii) 2012 Debt Service Reserve Sub-Account of the Debt Service Account.

Application of Revenues

General. All Revenues as received are to be promptly deposited by the City into the Revenue Fund. As soon as practicable in each month after the deposit of Revenues in the Revenue Fund but in any case no later than five (5) Business Days before the end of each month, the City is required to withdraw from the Revenue Fund for deposit in the following Funds in the following order of priority the amounts set forth below:

(1) To the Operation and Maintenance Fund, an amount sufficient to pay the estimated Operation and Maintenance Expenses during the next month;

(2) To the Bond Fund for credit to the Debt Service Account, if and to the extent required so that the balance in said Account will equal the Accrued Aggregate Debt Service on the Bonds; provided that, for the purpose of computing the amount in said Account, there is to be excluded the amount, if any, set aside in said Account which was deposited therein from the proceeds of each Series of Bonds less the amount of interest accrued and unpaid and to accrue on the Bonds of such Series (or any Refunding Bonds issued to refund such Bonds) to the last day of the then current calendar month;

(3) To the Bond Fund for credit to the Debt Service Reserve Account, an amount sufficient to maintain a balance in such Account equal to the Debt Service Reserve Requirement; provided, however, that no deposit in the Debt Service Reserve Account will be required to the extent the amount therein equals or exceeds the Debt Service Reserve Requirement and in the event the amount in the Debt Service Reserve Account is reduced below the amount otherwise required therein, such amount will be replenished (i) immediately, first from any funds in the Sub-Account and, thereafter, from other available funds, in such priority as the City may direct in the Contingency Fund, the Development Fund and the Renewal and Replacement Fund and (ii) at the earliest practicable date, to the extent such funds are not sufficient for such purpose, from the first available Revenues (after all deposits required to be made pursuant to clauses (1) and (2) described above have been made) following such reduction; provided, however, that notwithstanding anything to the contrary in the Indenture, to the extent that a deficiency exists in the Debt Service Reserve Account, such deposits to the Bond Fund will be made in the order of priority indicated:

(a) To the Bond Fund for credit to the Debt Service Reserve Account, there will be deposited, at least monthly, to the Debt Service Reserve Account for a Series of Bonds an amount at least equal to 1/60 of the Debt Service Requirement for such Series of Bonds until the amount on deposit in the Debt Service Reserve Account will equal the Debt Service Reserve Requirement. The Debt Service Reserve Requirement will be cumulative and the amount of any deficiency in any month will be added to the amount otherwise required to be deposited to the credit of such Debt Service Reserve Account in each month thereafter until such time as such deficiency will be remedied;

(b) To the Bond Fund for credit to the Debt Service Reserve Account, there will be deposited, at least monthly to the Debt Service Reserve Account for a Series of Bonds an amount equal to 1/12 of the deficiency attributed to a draw (or diminution in stated principal) upon a financial instrument as specified in the definition of Debt Service Reserve Requirement, deposited into the Debt Service Reserve Account until the principal amount (or available amount) of such financial instrument, either singularly, or in combination with amounts on deposit therein, is equal to the Debt Service Reserve Requirement if and only if such amounts are attributable to such Series of Bonds; and

(c) To the Bond Fund for credit to the Debt Service Reserve Account, there will be deposited to the Debt Service Reserve Account as soon as practicable (but not later than thirty days from the date of such deficiency), the full amount of any deficiency in the Debt Service Reserve Account, which is attributable to a decline in the market value of Investment Securities on deposit therein until such Investment Securities and any cash therein will equal the Debt Service Reserve Requirement.

(4) To the Arbitrage Rebate Fund, there shall be deposited as soon as practicable, the amount necessary to fund the Arbitrage Rebate Fund in order to pay the Rebate Amount when due and payable;

(5) Amounts sufficient to pay Subordinated Indebtedness in accordance with the authorizing and implementing documents for such Subordinated Indebtedness (as certified by the trustee or other fiduciary with respect to such Subordinated Indebtedness) shall be transferred by the City to such trustee or other fiduciary for payment or deposit;

(6) To the Renewal and Replacement Fund, an amount equal to Fifty Seven Thousand Dollars ($57,000); provided that, no deposit will be required to be made into said Fund whenever and as long as uncommitted moneys in said Fund are equal to or greater than Three Million Five Hundred Thousand Dollars ($3,500,000) or such larger amount as the City will determine necessary, from time to time, for the purposes of said Fund; and provided further that, if any such monthly allocation to said Fund will be less than the required amount, the amount of the next succeeding monthly payments will be increased by the amount of such deficiency;

(7) To the City Sub-Account, an amount determined from time to time by the City, such that if deposits were made in amounts equal to such amount in each succeeding month during each Airport Fiscal Year, the balance in such Sub-Account will equal at the end of such Airport Fiscal Year the amounts payable to the City with respect to such Airport Fiscal Year pursuant to the Indenture;

(8) For Airport Fiscal Year ending June 30, 2012, to the Debt Service Stabilization Fund and the Development Fund for the times and in the amounts and pursuant to the calculations set forth below:

(a) To the Debt Service Stabilization Fund any amounts withdrawn therefrom during Airport Fiscal Years ending June 30, 2006 through 2012 and not previously replenished; and then

(b) To the Debt Service Stabilization Fund and the Development Fund a total of up to $5,725,000, with 87.25% of each such transfer to the Debt

Service Stabilization Fund and 12.75% of each such transfer to the Development Fund;

(9) Beginning in Airport Fiscal Year ending June 30, 2012, and thereafter, to the Debt Service Stabilization Fund an amount sufficient to bring the amount on deposit in the Debt Service Stabilization Fund equal to the Debt Service Stabilization Fund Requirement (or such lesser amount as is available in the Revenue Fund for such transfer).

(10) The remaining GARB Revenues in the Revenue Fund will be deposited into the Development Fund; and

(11) The remaining Pledged PFC Revenues in the Revenue Fund will be deposited into the PFC Account.

As soon as practicable after the end of each Airport Fiscal Year and except as otherwise provided in the Indenture and subject to the satisfaction of the conditions set forth therein, after all deposits required to be made into each of the aforesaid Funds have been made, the City is required to transfer from the City Sub-Account to the general revenue fund of the City, an amount equal to five percent (5%) of the GARB Revenues (excluding, however, from GARB Revenues, for this purpose only, investment income and other non-operating income of the Airport) during the Airport Fiscal Year then last ended; provided, however, that for all periods subsequent to July 1, 1996, the applicable percentage of GARB Revenues (as specified above) will equal the percentage of the gross revenues then required to be paid to the City by public utilities operating within the City (such percentage being ten percent (10%) as of the date of the Restated Indenture).

Notwithstanding the foregoing, the amounts payable to the City described in the preceding paragraph are limited to five percent of the GARB Revenues (excluding, however, from GARB Revenues, for this purpose only, investment income and other non-operating income of the Airport) until such time that the Trustee has received a Counsel's Opinion to the effect that the amount payable does not violate or conflict with any laws or contractual obligations applicable to the Airport and the City, including, without limitation, the Federal Airport and Airway Improvement Act of 1982 and the United States Department of Transportation Grant Agreements to which the City is a party.

The amount payable to the general revenue fund of the City described in the preceding paragraphs may be paid in advance in monthly installments so long as (i) such amount is included in the rate base utilized to determine rates and charges payable by air carriers which utilize the Airport and (ii) each such monthly installment will not exceed the lesser of one-twelfth ($1/12^{th}$) of eighty percent (80%) of the total amount paid to the City pursuant to such clause in respect of the prior Airport Fiscal Year or (2) eighty percent (80%) of the amount deposited in such month in the City Sub-Account in respect of amounts payable to the City pursuant to the preceding paragraphs.

The final installment of the amount payable to the City each Airport Fiscal Year is subject to the filing with the Trustee of certificates of the City that all required deposits to the Operation and Maintenance Fund, the Bond Fund and the Renewal and Replacement Fund have been made and that no Event of Default has occurred and is continuing under the Indenture. If, during any Airport Fiscal Year, the aggregate amount paid in advance to the City exceeds the amount payable to the City during such Airport Fiscal Year, the amount of such excess will be returned by the City to the Revenue Fund. Until any such excess is returned by the City to the Revenue Fund, the City will be entitled to no further payments by the Airport.

Description of Funds Established by the Indenture

Operation and Maintenance Fund. Amounts in the Operation and Maintenance Fund are to be paid out from time to time by the City for reasonable and necessary Operation and Maintenance Expenses. Amounts in said Fund which the City at any time determines to be in excess of the requirements of such Fund will be transferred into the Revenue Fund and applied in accordance with the provisions of the Indenture regarding the application of Revenues.

Bond Fund-Debt Service Account. The Trustee is required to pay out of the Debt Service Account to the respective Paying Agents (1) on or before each interest payment date for any of the Bonds, the amount required for the interest payable on such date, (2) on or before each Principal Installment due date, the amount required for the Principal Installment payable on such due date; and (3) on or before any redemption date for the Bonds, the amount required for the payment of interest on the Bonds then to be redeemed. Such amounts are required to be applied by the Paying Agents on and after the due dates thereof. The Trustee is also required to pay out of the Debt Service Account the accrued interest included in the purchase price of Bonds purchased for retirement.

Bond Fund-Debt Service Reserve Account. If, immediately after each monthly transfer required by the Indenture provision concerning application of Revenues, the amount in the Debt Service Account shall be less than the amount required to be in such Account pursuant to the Indenture, after any transfers from the Debt Service Stabilization Fund, the Trustee shall transfer amounts from the Debt Service Reserve Account to the Debt Service Account to the extent necessary to make good such deficiency or deficiencies. In addition to the annual valuation of Accounts and Funds as of June 30 of each year required by Section 704, amounts on deposit in the Accounts established in the Debt Service Reserve Account shall be determined (i) upon the issuance of Additional Bonds, (ii) at any time, on the written request of the City to the Trustee, and (iii) at any time the Trustee believes such determination to be necessary or desirable (each of the foregoing including the annual valuation is a "Valuation Date"). If, as of any Valuation Date, the amount in any Account in the Debt Service Reserve Account exceeds the applicable Debt Service Reserve Requirement after giving effect to any letter of credit, revolving credit agreement, standby purchase agreement, surety bond, insurance policy or similar obligation, arrangement or instrument issued by a bank, insurance company or other financial institution which provides for payment of all or a portion of the Principal Installments and/or interest due on any Series of Bonds, deposited in such Account, the Trustee will, on the first Business Day of the following Valuation Date, withdraw from such Account the amount of any excess therein over the applicable Debt Service Reserve Requirement as of the date of such withdrawal for deposit into (i) the Arbitrage Rebate Fund, the Rebate Amount estimated by the City, if any, and (ii) the Revenue Fund; provided, however, that with respect to any Valuation Date after June 30, 2011, such excess shall be deposited in the following order: (i) into the various Sub-Accounts of the Debt Service Reserve Account in which, as of such Valuation Date, the amount on deposit is less than the applicable Debt Service Reserve Requirement (a "Shortfall"), as directed by the City, or, in the absence of a direction from the City, pro rata to the Shortfall in each such account, (ii) into the Arbitrage Rebate Fund, the Rebate Amount estimated by the City, if any, and (iii) into the Revenue Fund. If the amount in any Account in the Debt Service Reserve Account is less than the applicable Debt Service Reserve Requirement and to the extent that such deficiency has not been made up within 12 months with respect to a deficiency resulting from a draw on the Debt Service Reserve Account by deposits pursuant to the Indenture or to the extent there has been a deficiency resulting from a decline in the market value of Investment Securities, the City will immediately deposit such amounts as will be necessary to cure such deficiency.

Whenever the amount in the Debt Service Reserve Account, together with the amount in the Debt Service Account, is sufficient to fully pay all Outstanding Bonds in accordance with their terms (including principal and applicable sinking fund Redemption Price and interest thereon), the funds on deposit in the Debt Service Reserve Account are to be transferred to the Debt Service Account. Prior to said transfer, all investments held in the Debt Service Reserve Account are to be liquidated to the extent deemed necessary in order to provide for the timely payment of principal and interest (or Redemption Price) on the Bonds Outstanding.

The Trustee is required to transfer to the City for deposit in the Revenue Fund all investment earnings on moneys in the Debt Service Reserve Account, such transfer to be made at such times required by the City.

Renewal and Replacement Fund. Money in the Renewal and Replacement Fund may be applied to pay costs of the renewal or replacement of machinery, equipment, rolling stock, facilities or other capital items used in connection with the operation of the Airport. If at any time the moneys in the Debt Service Account, the Debt Service Reserve Account, the Debt Service Stabilization Fund, the Development Fund and the Contingency Fund are insufficient to pay the interest and Principal Installments when due on the Bonds, the City, upon requisition of the Trustee, is required to transfer from the Renewal and Replacement Fund to the Trustee for deposit in the Debt Service Account the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency. So long as there is no deficiency in the Debt Service Account or the Debt Service Reserve Account, in the event the City receives a requisition from the trustee or other fiduciary for any Subordinated Indebtedness, with respect to a deficiency in available moneys to pay debt service on Subordinated Indebtedness, then the City shall transfer from the Renewal and Replacement Fund to such trustee or other fiduciary, the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency. If at any time the moneys in the Operation and Maintenance Fund and the Contingency Fund will be insufficient to pay Operation and Maintenance Expenses when due, the City is required to transfer from the Renewal and Replacement Fund to the Operation and Maintenance Fund the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency. If the amount on deposit at any time in the Debt Service Reserve Account is reduced below the amount required therein pursuant to the Indenture, the City may transfer from the Renewal and Replacement Fund to the Debt Service Reserve Account all or a portion of the amount of such deficiency.

Development Fund .Moneys in the Development Fund may be applied, in accordance with the Capital Budget or otherwise, at the discretion of the City, to the acquisition of land or easements for the expansion or improvement of the Airport, to purchase items of machinery, equipment, rolling stock or other capital items for use in connection with the Airport, to pay the cost of planning, engineering, design and construction of new facilities for the Airport, or to pay the cost of any other capital improvements to the Airport. If at any time the moneys in the Debt Service Account, Debt Service Reserve Account, the Debt Service Stabilization Fund, and the Contingency Fund are insufficient to pay the interest and Principal Installments when due on the Bonds, the City, upon requisition of the Trustee, is required to transfer from the Development Fund to the Trustee, for deposit in the Debt Service Account, the amount necessary (or all of the moneys in said Fund if less than the amount necessary) to make up such deficiency. So long as there is no deficiency in the Debt Service Account or the Debt Service Reserve Account, in the event the City receives a requisition from the trustee or other fiduciary for any Subordinated Indebtedness, with respect to a deficiency in available moneys to pay debt service on Subordinated Indebtedness, then the City shall transfer from the Development Fund to such trustee or other fiduciary, the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency. If at anytime the moneys in the Operation and Maintenance Fund, the Renewal and Replacement Fund and the Contingency Fund are insufficient to pay Operation and Maintenance expenses when due, the City is required to transfer from the Development Fund to the Operation and Maintenance Fund the amount necessary to make up such deficiency. If the amount on deposit at any time in the Debt Service Reserve Account is reduced below the amount required therein in accordance with the Indenture, the City may transfer from the Development Fund to the Debt Service Reserve Account all or a portion of the amount of such deficiency. The City may use amounts on deposit in the Development Fund to make payments pursuant to an Interest Rate Exchange Agreement by transferring such amounts to the Debt Service Account or as otherwise specified in a Supplemental Indenture for a Series of Bonds. The City may, but if and only to the extent consistent with the Capital Budget, transfer from the Development Fund to the Contingency Fund any moneys in the Development Fund which are no longer needed for the purposes of moneys on deposit in the Development Fund.

Contingency Fund. If at any time the moneys in the Debt Service Account, the Debt Service Reserve Account and the Debt Service Stabilization Fund are insufficient to pay the interest and Principal Installments when due on the Bonds, the City, upon requisition of the Trustee, is required to transfer from the Contingency Fund to the Trustee for deposit in the Debt Service Account the amount necessary (or all of the moneys in said Fund if less than the amount necessary) to make up such deficiency or deficiencies. If at any time the moneys in the Operation and Maintenance Fund are insufficient to pay Operation and Maintenance Expenses when due, the City will transfer from the Contingency Fund to the Operation and Maintenance Fund the amount necessary (or all of the moneys in said Fund if less than the amount necessary) to make up such deficiency. If the amount on deposit in the Debt Service Reserve Account is reduced below the amount required therein in accordance with the Indenture, the City may transfer from the Contingency Fund to the Debt Services Reserve Account all or a portion of the amount of such deficiency. Amounts in the Contingency Fund not required to meet a deficiency as required above, may, at the discretion of the City, be applied to any one or more of the following purposes:

1. the purchase or redemption of any Bonds, and expenses in connection with the purchase or redemption of any such Bonds;

2. payments of principal or redemption price of and interest on any Subordinated Indebtedness;

3. improvements, extensions, betterments, renewals, replacements, repairs, maintenance or reconstruction of any properties or facilities of the Airport or the provision of one or more reserves therefor; and

4. any other corporate purpose of the City in connection with the Airport, the local airport system or other local facilities which are owned or operated by the City and directly related to the actual transportation of passengers or property.

Whenever any moneys in the Contingency Fund are to be applied to the purchase or redemption of Bonds, the City is required to deposit such moneys with the Trustee, in a separate account established for purpose, and is required to give written instructions to the Trustee to make such purchase or redemption in accordance with the provisions of the Indenture. Upon any such purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Installments have been established, an amount equal to the principal amount of such Bonds so purchased or redeemed is to be credited toward a part (an integral multiple of $5,000) or all of any one or more Sinking Fund Installments thereafter to become due, as directed by the City in a certificate in writing signed by an Authorized Officer of the City and filed with the Trustee, or in the absence of such direction, toward such Sinking Fund Installments in inverse order of their due dates. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) will constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

Debt Service Stabilization Fund. If, immediately after each monthly transfer required by the Indenture, the amount in the Debt Service Account shall be less than the amount required to be in such Account pursuant to the Indenture, the City shall transfer amounts from the Debt Service Stabilization Fund to the Trustee for deposit to the Debt Service Account to the extent necessary to make good such deficiency or deficiencies. Amounts on deposit in the Debt Service Stabilization Fund may be withdrawn at any time and used for (1) emergency debt service needs with respect to Bonds, Subordinated Indebtedness or other indebtedness issued for Airport purposes and (2) Airport operational emergencies. Notwithstanding the foregoing, after the Net Revenues for three consecutive Airport Fiscal Years equals at least 1.60 times the Aggregate Adjusted Debt Service for such Airport Fiscal Years, the Comptroller, upon the receipt of a request of the Airport Commission, may determine to reduce or eliminate the Debt Service Stabilization Fund Requirement and/or eliminate the Debt Service Stabilization Fund. The Comptroller, upon any such determination, shall notify the Airport Commission and the Trustee of such determination.

Arbitrage Rebate Fund

The Arbitrage Rebate Fund is required to be maintained for as long as any Series of Bonds is Outstanding for the purpose of paying to the United States Treasury the amount required to be rebated pursuant to Section 148(f) of the Code. Any moneys in the Arbitrage Rebate Fund are to be invested in Government Securities or securities described in clause (x) of the definition of "Investment Securities" and investment earnings thereon are to be credited to the Arbitrage Rebate Fund.

Subordinated Indebtedness

Nothing contained in the Indenture will prohibit or prevent, or be deemed, or construed, to prohibit or prevent, the City from issuing or refunding bonds, notes, commercial paper, certificates, warrants or other evidence of indebtedness payable as to principal and interest from the Revenue Fund and the Net Revenues, subject and subordinate to the deposits and credits required to be made therefrom to the Debt Service Account and the Debt Service Reserve Account, or from securing such bonds, notes, commercial paper, certificates, warrants or other evidences of indebtedness and the payment thereof by a lien and pledge on the Net Revenues junior and inferior to the lien and pledge on the Net Revenues created for the payment and security of the Bonds.

Subject to the paragraph directly below, at any time after authorization but prior to the issuance of Subordinated Indebtedness, the City shall furnish to the Trustee a Certificate of the City with respect to the specific principal amount of Subordinated Indebtedness proposed to be issued (the "Certified Amount"), and that provides as follows: annual estimated Net Revenues available, after payment of Debt Service of the Outstanding Bonds, for each of the three (3) Airport Fiscal Years following the Airport Fiscal Year in which it is estimated that the Airport has beneficial occupancy of the Airport project to be financed or refinanced (in whole or in part) from the proceeds of such Certified Amount, will be at least equal to 1.10 times the sum of (1) estimated debt service on the Certified Amount proposed to be issued, (2) debt service on all outstanding Subordinated Indebtedness, and (3) estimated debt service on any other previously Certified Amounts to the extent that such Certified Amounts are not outstanding but are still authorized and available to be issued.

For purposes of compliance with the paragraph above, the Certificate of the City may include any of the following provisions or assumptions:

1. Once executed with respect to a Certified Amount, the Certificate of the City shall remain effective with respect to all issuances and reissuances, from time to time (and regardless of any repayment or maturity) of such Certified Amount until the authorized time period for issuance and final maturity of such Certified Amount has expired. (By way of example, (i) if the Certified Amount is with respect to a commercial paper program, then once such amount is certified with respect to the initial Airport project, such certificate shall remain effective until the final eligible maturity date of the commercial paper has passed such that it cannot be issued, re-issued or refunded; or (ii) if the Certified Amount is with respect to long-term fixed rate bonds, then once certified such certificate shall remain effective until such bonds or notes are issued and they mature or are paid off or defeased prior to maturity.)

2. With respect to the identification of the Airport project to be financed or refinanced (in whole or in part) with the proceeds of the Certified Amount and the determination of the applicable three (3) Airport Fiscal Years for the coverage test, the Certificate of the City may assume, without regard to the estimated beneficial occupancy date of a specific Airport project, that, with respect to the Certified Amount, the three (3) year test period begins with the first full Airport Fiscal Year beginning after the date of the Certificate of the City.

3. If the Certified Amount is structured so that the principal coming due on the final maturity date exceeds by at least 25% the principal coming due in any prior year then debt service on the Certified Amount may be calculated based upon an assumed 30-year level debt amortization schedule and applying a 10-year average of the Index Interest Rate. For purposes of calculating estimated debt service for any Certified Amount, the calculation may be based on then prevailing market conditions as determined by a third party expert or by applying the appropriate average of the Index Interest Rate as determined by the City or a third party expert.

4. The Certificate of the Authorized Officer of the City may be based, in whole or in part, upon reports or certificates from the Airport Consultant, an Accountant's Certificate or reports of other third party experts.

5. Subordinated Indebtedness issued for the following purposes may be excluded from any calculation of debt service coverage with respect to Subordinated Indebtedness (including certification with respect to a Certified Amount):

   i. Subordinated Indebtedness issued to refund outstanding Subordinated Indebtedness.

   ii. Subordinated Indebtedness issued to refund Outstanding Bonds.

   iii. Subordinated Indebtedness which the City expects to pay from a source of funds other than estimated Net Revenues available, after payment of Debt Service of the Outstanding Bonds, to the extent such source is anticipated as being available or obligated to the City for Airport purposes, such as grant moneys, passenger facility charges or other available moneys, including, without limitation, moneys in the Development Fund.

Any ordinance or indenture providing for the issuance of Subordinated Indebtedness may provide that additional Subordinated Indebtedness may be issued on a parity therewith.

The principal amount of any Subordinated Indebtedness shall, by its terms, not be subject to acceleration upon default unless and until the principal amount of the Bonds has been accelerated pursuant to the Indenture.

Debt Service Stabilization Fund

If, immediately after each monthly transfer required by the Indenture, the amount in the Debt Service Account shall be less than the amount required to be in such Account pursuant to the Indenture, the City shall transfer amounts from the Debt Service Stabilization Fund to the Trustee for deposit to the Debt Service Account to the extent necessary to make good such deficiency or deficiencies. Amounts on deposit in the Debt Service Stabilization Fund may be withdrawn at any time and used for (1) emergency debt service needs with respect to Bonds, Subordinated Indebtedness or other indebtedness issued for Airport purposes and (2) Airport operational emergencies. Notwithstanding the foregoing, after the Net Revenues for three consecutive Airport Fiscal Years equals at least 1.60 times the Aggregate Adjusted Debt Service for such Airport Fiscal Years, the Comptroller, upon the receipt of a request of the Airport Commission, may determine to reduce or eliminate the Debt Service Stabilization Fund Requirement and/or eliminate the Debt Service Stabilization Fund. The Comptroller, upon any such determination, shall notify the Airport Commission and the Trustee of such determination.

PFC Account

Amounts in the PFC Account shall be applied as provided in the applicable Supplemental Indenture relating to the designation and pledge of Pledged PFC Revenues.

Expenditures from City Held Funds and Accounts

Expenditures from any Funds and Accounts held by the City shall be subject to the then existing requirements for expenditure of City funds, which requirements consist of approvals by the Airport Commission and the Board of Estimate and Apportionment of the City and appropriation of funds by the Board of Aldermen of the City. Notwithstanding the foregoing, if the timing of the need for any expenditure of moneys from any Fund or Account held by the City is deemed an emergency, then the approval of the expenditure of such moneys may occur in accordance with the provisions of Article XV, Section 2 of the City Charter, or any successor provision.

Investment of Certain Funds

Moneys held in the Debt Service Account, the Debt Service Reserve Account and the Rebate Fund are to be invested and reinvested by the Trustee to the fullest extent practicable in Investment Securities which mature not later than such times as will be necessary to provide moneys when needed for payments to be made from such Accounts, and in the case of the Debt Service Reserve Account not later than 15 years (unless such securities will be redeemable at the option of the holder thereof, in which event such securities may mature at a date no later than the final maturity date of the Bonds). The Trustee will make such investment in accordance with any instructions received from an Authorized Officer of the City. The Trustee, upon notice to and written consent of an Authorized Officer of the City, may make any and all such investments through its own bond department or the bond department of any bank or trust company under common control with the Trustee.

Moneys in the Revenue Fund and the Construction Fund may be invested by the City in Investment Securities which mature not later than such time as will be necessary to provide moneys when needed to provide payments from such Funds. Moneys in the Operation and Maintenance Fund may be invested by the City in Investment Securities which mature within 12 months and moneys in the Development Fund, the Renewal and Replacement Fund, the Contingency Fund, the Debt Service Stabilization Fund, the PFC Account and the Arbitrage Rebate Fund maybe invested in Investment Securities which mature within 5 years, and in any case not later than such time as will be necessary to provide moneys when needed for payment from such respective Funds.

Earnings on any moneys or investments in all Funds and Accounts established under the Indenture will be deposited in the Revenue Fund, except that earnings on the moneys or investments in the Construction Fund will, to the extent expressly required by the terms of any Supplemental Indenture authorizing the issuance of a Series of Bonds, be retained in the Construction Fund.

Particular Covenants of the City

Powers as to the Airport and Collection of Rates, Fees and Rentals. The City has and will have, so long as any Bonds are Outstanding, good right and lawful authority to acquire, construct, develop, operate, maintain, repair, improve, reconstruct, enlarge, and extend the Airport and to fix rates, fees, rentals and other charges in connection therewith.

Indebtedness and Liens. The City has covenanted not to issue any bonds, notes or other evidences of indebtedness, other than the Bonds, payable out of or secured by a pledge of the Revenues or of the moneys, securities of funds held or set aside by the City or by the Fiduciaries under the Indenture and will not create or cause to be created any lien or charge on the Revenues or such moneys, securities or funds; provided, however, that nothing contained in the Indenture will prevent the City from issuing Subordinated Indebtedness as provided in the Indenture.

Sale, Lease or Encumbrance of Property. The City has covenanted not to sell or otherwise dispose of or encumber any part of the Airport, except property which, in the opinion of the Airport Commission and the Airport Consultant, is no longer necessary or useful in the operation thereof, and except as provided in the Indenture with respect to Special Facilities. In addition, the City may lease or make contracts or grant licenses for the operation of, or grant easements or other rights with respect to, any part of the Airport if such lease, contract, license, easement or right does not impede or restrict the operation by the City of the Airport for Airport purposes. Proceeds from the sale or disposition of property not used to replace such property and any such payments with respect to a lease, contract, license, easement or right not otherwise required to be applied in accordance with the Indenture will be applied in the same manner and to the same purpose as Revenues.

The Indenture expressly permits the transfer (by sale, lease or otherwise) of all or a substantial part of the Airport if the principal of and interest on the Bonds are paid in full; the Bonds are defeased in accordance with the Indenture; or the transferee assumes all obligations of the City under the Indenture and in the Bonds and if, in the case of such assumption: (1) in the written opinions of the Director of Airports and the Airport Consultant, after giving effect to such transfer and assumption, the ability of the transferee to meet the rate maintenance and other covenants under the Indenture and the security for the Bonds are not materially and adversely affected, (2) the City will have furnished the Trustee with a Bond Counsel's Opinion to the effect that such transfer will not adversely affect the tax-exempt status of interest on the Bonds under the Code and (3) such transferee will expressly agree not to use the Funds held under the Indenture otherwise than as provided in the Indenture. In the event of any such transfer and assumption, nothing in the Indenture will prohibit or prevent the retention by the City of any facility of the Airport if, in the written opinions of the Director of Airports and the Airport Consultant, such retention will not materially and adversely affect the security for the Bonds, nor unreasonably restrict the transferee's ability to comply with the rate maintenance and other covenants thereunder. Any consideration received by the City from the transferee of all or a substantial part of the Airport will not constitute "Revenues" under the Indenture or be subject to the terms and provisions of the Indenture. The terms and conditions of the transfer of all or a substantial part of the Airport pursuant to the Indenture will be set forth in a Supplemental Indenture executed by the City, the Trustee and the transferee and notice of such transfer will be given to the Bondholders in accordance with the Indenture.

Operation Maintenance and Reconstruction. The City shall at all times operate, or cause to be operated, the airport properly and in a sound, efficient and economical manner, and shall maintain, preserve, and keep the same or cause the same to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make or cause to be made, all ordinary, necessary and proper repairs, replacements and renewals so that at all times the operation of the Airport may be properly and advantageously conducted, and I, if any useful part of the Airport is damaged or destroyed, the City shall, as expeditiously as may be possible, commence and diligently prosecute the ordinary replacement or reconstruction of such part so as to restore the same to use; provided, however, that nothing in the Indenture shall require the City to operate, maintain, preserve, repair, replace, renew or reconstruct any part of the Airport (1) from sources other than the Revenues or (2) if there shall be filed with the Trustee (i) a certificate executed by an Authorized Officer of the City stating that in the opinion of the City abandonment of operation of such part is economically justified and is not prejudicial to the interests of the Owners of the Bonds, and (ii) a consent to the filing of such certificate is given by the Trustee, which consent shall be withheld only upon reasonable grounds.

Notwithstanding any provisions in the Indenture to the contrary, the City and the Airport Commission shall at all times operate the Airport so long as there are any Outstanding Bonds under the Indenture. Operation of the Airport may not be transferred by the City or the Airport Commission to another entity and may not be assumed by any other entity so long as there are any Outstanding Bonds under the Indenture; provided, however, that the City and the Airport Commission may enter into agreements with third party vendors, consultants and contractors for specific aspects or portions of the maintenance or operation of the Airport or the construction of capital projects at the Airport.

Rates and Charges. The City has covenanted to, at all times while any Bonds will be Outstanding, establish, fix, prescribe and collect such rates, fees, rentals and other charges for the use of the Airport as will be reasonably anticipated to provide in each Airport Fiscal Year an amount so that the Revenues will be sufficient to pay the Aggregate Debt Service for such Airport Fiscal Year and to provide the funds necessary to make the required deposits in and maintain the several Funds and Accounts established in the Indenture, and in any event, as will be required to pay or discharge all indebtedness, charges and liens whatsoever payable out of Revenues under the Indenture.

Insurance. So long as any Bonds are Outstanding the City will at all times carry insurance or cause insurance to be carried, including the City as an insured as its interest may appear, with a responsible insurance company or companies authorized and qualified under the laws of any state of the United States of America to assume the risk thereof, covering such properties of the Airport as are customarily insured, and against loss or damage from such causes as are customarily insured against, by public or private corporations engaged in a similar type of business, all in accordance with the annual written recommendations of the Insurance Consultant.

Any proceeds of insurance for the Airport will be paid into the Construction Fund during the period of Construction, and thereafter will, to the extent necessary and desirable, be applied to the repair and replacement of any damaged or destroyed properties of the Airport. If any of said proceeds received are not used or committed for use with respect to the repair or replacement of Airport property within twenty-four months of receipt, such proceeds will be paid into the Development Fund.

Airport Consultant. The City will employ an Airport Consultant from time to time whenever and for the purposes contemplated by the Indenture. Such Airport Consultant will be an airport consultant or airport consultant firm or corporation having a wide and favorable reputation for skill and experience with respect to the operation and maintenance of airports, in recommending rental and other charges for use of airport facilities and in projecting revenues to be derived from the operation of airports.

Budgets. The City has covenanted to prepare and file annually with the Trustee at the beginning of each City Fiscal Year an Annual Budget setting forth the ensuing City Fiscal Year in reasonable detail, among other things, estimated Revenues, estimated Operation and Maintenance Expenses, reasonably anticipated unusual and extraordinary expenses, and deposits into each of the Funds established under the Indenture. The City may at any time adopt an amended Annual Budget for the remainder of the then current City Fiscal Year.

At least every five (5) City Fiscal Years the City (through the Airport Commission) has covenanted to prepare and file with the Trustee a Capital Budget for the Airport for the ensuing five (5) City Fiscal Years. The Capital Budget will set forth in reasonable detail the anticipated necessary or appropriate major capital improvements to the Airport during the succeeding five year period, the estimated Cost of Construction of such capital improvements and the anticipated sources of funds for the payment of such Costs. The City may at any time and from time to time adopt an amended Capital Budget for the remainder of the five City Fiscal Years covered thereby and will promptly file any such amendment with the Trustee. The Capital Budget and any amendments thereto will be available at the offices of the Trustee for inspection by the Bondholders.

Accounts and Reports. The City has covenanted to keep or cause to be kept proper books of record and account of the Airport in which complete and correct entries will be made of its transactions relating to the Revenues and each Fund and Account established under the Indenture, and which will at all times be subject to the inspection of the Trustee and the Owners of an aggregate of not less than 5% in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing.

The City shall annually, within 120 days after the close of each Airport Fiscal Year, cause an audit to be made of its books and accounts relating to the Airport for such Airport Fiscal Year by an independent and recognized certified public accountant or firm of independent certified public accountants not in the regular employ of the City. Promptly thereafter reports of each audit will be filed with the Trustee, each Bond Insurer and with each Rating Agency. Each such audit report will set forth with respect to such Airport Fiscal Year: (i) a statement of financial condition of the Airport as of the end of such Airport Fiscal Year and the related statement of revenues and expenses for the Airport Fiscal Year then ended, (ii) a summary with respect to each Fund and Account established under the Indenture of the receipts therein and disbursements therefrom; (iii) the details of all Bonds issued, paid, purchased or redeemed, (iv) the amounts on deposit at the end of such Airport Fiscal Year to the credit of each Fund and Account established under the Indenture; (v) the amounts of the proceeds received from any sales of property constituting part of the Airport; and (vi) a list of all insurance policies with respect to the Airport or certificates thereof then held by the City or the Trustee.

The reports, statements and other documents required to be furnished to the Trustee pursuant to any provisions of the Indenture will be available for the inspection of the Bondholders at the office of the Trustee and will be mailed to each Bondholder who will file a written request therefor with the City. The City may charge each Bondholder requesting such reports, statement and other documents, a reasonable fee to cover reproduction, handling and postage.

Special Facilities. The City or any other public corporation or public instrumentality will be authorized to finance from the proceeds of obligations, other than Bonds, issued by the City or such other public corporation or public instrumentality which are not payable from Revenues, capital improvements or facilities to be located on any property included under the definition of Airport ("Special Facilities") without regard to any requirements of the Indenture with respect to the issuance of Additional Bonds, provided:

> (1) Such obligations are payable solely from rentals or other charges derived by the City or such other public corporation or public instrumentality under a lease, sale or other agreement entered into between the City or such other public corporation or public instrumentality and the person, firm or corporation which will be utilizing the Special Facilities to be financed;
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> (2) The estimated rentals, payments or other charges (including interest earnings on any reserves) to be derived by the City or such other public corporation or public instrumentality from the lease, sale or other agreement with respect to the Special Facilities to be financed will be at least sufficient to pay the principal of and interest on such obligations, all costs of operating and maintaining such Special Facilities and all sinking fund, reserve or other payments required by the resolution, ordinance or indenture securing such obligations;
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> (3) The construction and operation of the Special Facilities to be financed will not decrease the Revenues presently projected to be derived from the Airport; and
>
> (4) In addition to all rentals, payments or other charges with respect to the Special Facilities to be financed, a fair and reasonable rental for the land upon which said Special Facilities are to be constructed will be charged by the City, and said ground rent will be deemed Revenues derived from the Airport.

The Indenture further provides that the provisions described above are not applicable to or otherwise deemed to limit the right of the City or any other public corporation or public instrumentality to finance the expansion, relocation or other improvement of any airline aviation fueling facilities or in-flight meal preparation facilities located at the Airport on October 15, 1984.

Tax Covenant of the City. The City shall at all times do and perform, or cause to be done and performed, all acts and things permitted by law and necessary in order to assure that the interest paid on the Bonds which are Tax-Exempt Bonds shall, for the purpose of federal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation, except in the case of any Bond which is a "private activity bond" which is held by a person who is a "substantial user" or a "related person" within the meaning of Section 147(a) of the Code or except in the event that interest on the Bonds is subject to any other federal income tax otherwise applicable to obligations, the interest on which is excluded from gross income under Section 103 of the Code.

The City shall not permit at any time or times any of the proceeds of the Tax-Exempt Bonds or any other funds of the City to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Tax-Exempt Bond issued pursuant to the Indenture to be an "arbitrage bond" within the meaning of Section 103(b)(2) of the Code. In addition, the City shall not permit at any time or times, any moneys or securities in any fund or account created or continued hereunder to be invested or held in such manner so as to cause any Tax-Exempt Bond issued pursuant to the Indenture to be an "arbitrage bond" as aforesaid.

The City shall make any and all payments required to be made to the United States Department of the Treasury in connection with the Tax-Exempt Bonds pursuant to Section 148(f) of the Code from amounts on deposit in the funds and accounts established under the Indenture and available therefor.

The City agrees to continually comply with the provisions of any Tax Certificate entered into in connection with each Series of Bonds, as such certificate may be amended from time to time, as a source of guidance for achieving compliance with the Code.

Events of Default and Remedies

Each of the following constitutes an event of default (each, an "Event of Default") under the Indenture:

(A) if default is made in the due and punctual payment of the principal of or Redemption Price of any Bond, whether at maturity or by call for redemption, or otherwise, or in the due and punctual payment of any installment of interest on any Bond or the unsatisfied balance of any Sinking Fund Installment therefor when and as such interest installment or Sinking Fund Installment will become due and payable;

(B) if default is made by the City in the performance or observance of the covenants, agreements and conditions on its part in establishing, fixing, prescribing and collecting rates, fees, rentals and other charges for the use of the Airport in order that in each Airport Fiscal Year the Revenues will be sufficient to pay the Aggregate Debt Service for such Airport Fiscal Year and to provide the funds necessary to make the required deposits in and maintain the several Funds and Accounts established in the Indenture, and in any event, as are required to pay or discharge all indebtedness, charges and liens whatsoever payable out of the Revenues under the Indenture; provided, however, that a failure by the City to comply with the foregoing covenant will not constitute an event of default under the Indenture if, (i) within four months of the end of the most recently completed Airport Fiscal Year, the City retains an Airport Consultant for the purpose of making recommendations with respect to the operations of the Airport and the sufficiency of its rates, fees, rentals and other charges, (ii) the Airport Consultant will make the required recommendations to the City within seven months of the end of such Airport Fiscal Year and file same with the Trustee; and (iii) the City will diligently and in good faith follow the recommendations of the Airport Consultant;

(C) if default will be made by the City in the performance or observance of any other of the covenants, agreements or conditions on its part contained in the Indenture or in the Bonds and such default will continue for a period of sixty days after written notice thereof to the City by the Trustee or to the City and to the Trustee by the Owners of not less than twenty-five percent in principal amount of the Bonds Outstanding; provided, however, that if such failure will be such that it can be corrected but cannot be corrected within such sixty day period, it will not constitute an Event of Default if corrective action is instituted within such period and diligently pursued until the failure is corrected;

(D) if the City will file a petition seeking a composition of indebtedness under the federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State;

(E) if judgment for the payment of money is rendered against the City as the result of the construction, improvement, ownership, control or operation of the Airport, and any such judgment will not be discharged within twenty four (24) months after the entry thereof, or an appeal will not be taken therefrom or from the order, decree or process upon which or pursuant to which such judgment will have been granted or entered, in such manner as to set aside or stay the execution of or levy under such judgment, or order, decree or process or the enforcement thereof; or

(F) if an order or decree is entered, with the consent or acquiescence of the City, appointing a receiver or receivers of the Airport or any part thereof, or the revenues therefrom, or if such order or decree has been entered without the consent or acquiescence of the City, such order or decree will not be vacated or discharged, stayed or appealed within ninety (90) days after the entry thereof; then and in each and every such case, so long as such Event of Default will not have been remedied, unless the principal of all the Bonds will have already become due and payable, either the Trustee may (by notice in writing to the City), and upon written request of the Owners of not less than twenty-five percent (25%) in principal amount of the Bonds Outstanding (by notice in writing to the City and the Trustee) will, declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same will become and be immediately due and payable, anything in the Indenture or in any of the Bonds contained to the contrary notwithstanding.

The right of the Trustee to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Bonds will have matured by their terms, all overdue installments of interest upon the Bonds, together with interest on such overdue installments of interest to the extent permitted by law and the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums then payable by the City under the Indenture (except the principal of, and interest accrued since the next preceding interest payment date on the Bonds due and payable solely by virtue of such declaration) will either be paid by or for the account of the City or provision satisfactory to the Trustee will be made for such payment, and all defaults under the Bonds or under the Indenture (other than the payment of principal and interest due and payable solely by reason of such declaration) will be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate will be made therefor, then and in every such case the Owners of fifty-one percent (51%) in principal amount of the Bonds Outstanding, by written notice to the City and to the Trustee, may rescind such declaration and annul such default in its entirety, or, if the Trustee will have acted itself, and if there will not have theretofore delivered to the Trustee written direction to the contrary by the Owners of fifty-one percent (51%) in principal amount of the Bonds then Outstanding, then any such declaration will ipso facto be deemed to be rescinded and any such default and its consequences will ipso facto be deemed to be annulled, but no such rescission and annulment will extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

If an Event of Default has happened and has not been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and upon written request of the Owners of not less than twenty-five percent (25%) in principal amount of the Bonds Outstanding or the Bond Insurers will proceed, to protect and enforce its rights and the rights of the Owners of the Bonds under the Indenture forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant contained in the Indenture, or in aid of the execution of any power therein granted, or for an accounting against the City as if the City were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, will deem most effectual to enforce any of its rights or to perform any of its duties under the Indenture.

The Owners of not less than a majority in principal amount of the Bonds at the time Outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, provided that the Trustee will have the right to decline to follow any such direction if the Trustee will be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith will determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Bondholders not parties to such direction.

Regardless of the happening of an Event of Default, the Trustee will have power to, but unless requested in writing by the Owners of not less than 51% in principal amount of the Bonds then Outstanding or the Bond Insurers, and furnished with reasonable security and indemnity, will be under no obligation to, institute and maintain such suits and proceedings as it may be advised will be necessary or expedient to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture, and such suits and proceedings as the Trustee may be advised will be necessary or expedient to preserve or protect its interests and the interest of the Bondholders.

Certain actions required or permitted to be taken under the Indenture by the Owners of any Bonds may be taken by the Bond Insurer without any action being taken by the Owners thereof. Any action taken by such Bond Insurer will be deemed to be the action taken by such Owners.

Restrictions on Bondholders' Actions

No Owner of any Bond will have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Indenture or the execution of any trust under the Indenture or for any remedy under the Indenture, unless such Owner will have previously given to the Trustee written notice of the happening of an Event of Default, as provided in the Indenture, and the Owners of at least twenty-five percent in principal amount of the Bonds then Outstanding will have filed a written request with the Trustee, and will have offered it reasonable opportunity, either to exercise the powers granted in the Indenture or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Owners will have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee will have refused to comply with such request for a period of thirty days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Owners of Bonds will have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by the Indenture, or to enforce any right under the Indenture, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Indenture will be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Owners of the Outstanding Bonds.

Waiver of Events of Defaults

Prior to the declaration of maturity of the Bonds as provided in the Indenture, the Owners of not less than fifty-one percent (51%) in principal amount of the Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the Owners of all of the Bonds waive any past default under the Indenture and its consequences, except a default in the payment of interest on or principal of or premium (if any) on any of the Bonds. No such waiver will extend to any subsequent or other default or impair any right consequent thereon.

Rights of Bond Insurers upon Default

All actions permitted to be taken under the Indenture upon the occurrence of an Event of Default by the Owners of any Bonds insured by a Bond Insurer may be taken by such Bond Insurer without any action being taken by such Owners. Any action taken by such Bond Insurer will be deemed to be the action taken by such Owners for purposes of the Indenture.

Supplemental Indentures

For any one or more of the following purposes at any time or from time to time, a Supplemental Indenture of the City may be adopted, which, upon the execution and delivery thereof by the Trustee will be fully effective in accordance with its terms:

(1) To close the Indenture against, or provide limitations and restrictions to the limitations and restrictions contained in the Indenture on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness;

(2) To add to the covenants and agreements of the City in the Indenture, other covenants and agreements to be observed by the City which are not contrary to or inconsistent with the Indenture theretofore in effect;

(3) To add to the limitations and restrictions in the Indenture, other limitations and restrictions to be observed by the City which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(4) To provide for the issuance of bearer Bonds and interest coupons and establish appropriate exchange privileges and notice requirements in connection therewith with respect to any Bonds issued or to be issued under the Indenture;

(5) To authorize Bonds of a Series or to determine the terms and details thereof and, in connection therewith, specify and determine certain matters and things pertaining to the issuance of the Bonds, Additional Bonds and Refunding Bonds referred to in the Indenture, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds;

(6) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture, of the Revenues, or of any other moneys, securities or funds;

(7) To modify any of the provisions of the Indenture in any respect whatever, provided that (i) the effective date of such modification will be, and expressed to be, effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Indenture will cease to be Outstanding, and (ii) such Supplemental Indenture will be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof;

(8) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture; or

(9) To insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not contrary to or inconsistent with the Indenture as theretofore in effect.

At any time or from time to time, a Supplemental Indenture may be adopted subject to consent by Bondholders in accordance with and subject to the provisions of the Indenture, which Supplemental Indenture, upon the execution and delivery thereof by the Trustee and upon compliance with the provisions of the Indenture, will become fully effective in accordance with its terms as provided in the Indenture.

Any modification or amendment of the Indenture and of the rights and obligations of the City and of the Owners of the Bonds thereunder, in particular, may be made by a Supplemental Indenture, with the written consent given as provided in the Indenture (i) of the Owners of at least fifty-one percent in principal amount of the Bonds Outstanding at the time such consent is given, and (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Owners of at least fifty-one percent in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Owners of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the Indenture. No such modification or amendment will permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or Sinking Fund Installment or any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Owner of such Bond, or will reduce the percentages or otherwise affect the classes of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

The terms and provisions of the Indenture and the rights and obligations of the City and of the Owners of the Bonds thereunder may be modified or amended in any respect upon the adoption and filing by the City of a Supplemental Indenture and the consent of the Owners of all the Bonds then Outstanding.

The consent of the Owner of any Bond which is entitled to the benefits of a Bond Insurance Policy issued by a Bond Insurer will not be effective unless the Trustee will have received a written consent of such Bond Insurer. For purposes of certain provisions of the Indenture, certain actions required or permitted to be taken thereunder by the Owners of any Bonds may be taken by such Bond Insurer without any action being taken by the Owners thereof. Any action taken by such Bond Insurer will be deemed to be the action taken by such Owners.

Discharge of Lien of the Indenture

If the City will pay or cause to be paid, or there will otherwise be paid, to the Owners of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then the pledge of any Net Revenues, and other moneys and securities pledged under the Indenture and all covenants, agreements and other obligations of the City to the Bondholders; will thereupon cease, terminate and become void and be discharged and satisfied.

Bonds or interest installments for payment or redemption of which moneys will have been set aside and will be held in trust by the Paying Agents (through deposit by the City of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof will be deemed to have been paid within the meaning and with the effect expressed in the Indenture. All Outstanding Bonds of any Series will prior to the maturity or redemption date thereof be deemed to have been paid if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the City will have given to the Trustee in form satisfactory to it irrevocable instructions to mail as provided in the Indenture notice of redemption of such Bonds on said date; (ii) there will have been deposited with the Trustee either moneys in an amount which will be sufficient, or Government Securities the principal of and the interest on which when due will provide money which, together with the moneys, if any, deposited with the Trustee at the same time, will be sufficient, to pay when due the principal and premium, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, and all necessary and proper fees, compensation and expenses of the Trustee and Paying Agents pertaining to the Bonds with respect to which such deposit is made will have been paid or the payment thereof provided for to the satisfaction of the Trustee and Paying Agents, respectively, as the case may be; and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty days, the City will have given the Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, to the Owners of such Bonds notice that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds.

Anything in the Indenture to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for six years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for six years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds became due and payable, will, unless otherwise provided by law, at the written request of the City, be repaid by the Fiduciary to the City, as its absolute property and free from trust, and the Fiduciary will thereupon be released and discharged with respect thereto and the Bondholders will look only to the City for the payment of such Bonds; provided, however, that before being required to make any such payment to the City and the Fiduciary will, at the expense of the City, cause to be mailed to the Owner of each unpaid Bond, at the address of such Owner as set forth on the Bond register maintained by the Trustee, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date will not be less than 45 days after the date of the mailing of such notice, the balance of such moneys then unclaimed will be returned to the City.

After payment in full of the principal of, redemption premium, if any, and interest on any Series of Bonds (or after provision has been made for the payment thereof as provided in the Indenture), the fees, charges and expenses of the Trustee and Paying Agent, and any other amounts required to be paid under the Indenture relating to such Series of Bonds, all amounts remaining in the accounts or sub-accounts established with the Trustee for such Series of Bonds shall be transferred to the various sub-accounts of the Debt Service Account for the Outstanding Bonds, as directed by the City, unless otherwise directed in a Supplemental Indenture adopted in accordance with the Indenture.

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APPENDIX D

Summary of Certain Provisions of the Use Agreements and the Operating Agreements

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AND LEASE AGREEMENTS AND THE AIRPORT OPERATING AGREEMENTS

The following is a summary of certain provisions of the Use Agreements, the Operating Agreements and the Cargo Addenda. This summary does not purport to be complete or definitive and reference is made to the Use Agreements, the Operating Agreements and the Cargo Addenda for a complete recital of the terms of such documents.

Airport Use and Lease Agreement. The term of the current Use Agreement began on July 1, 2011. Each Use Agreement will expire on June 30, 2016, unless earlier terminated by the City for non-performance or default. An air carrier may terminate its Use Agreement if the City fails to keep any material promise or covenant, or if the air carrier is denied the right to operate at the Airport by a governmental agency with competent jurisdiction or, under certain circumstances, if the air carrier is prevented from conducting its air transportation business at the Airport for an extended period of time. The terms of the Use Agreements may be extended by mutual agreement of the parties.

Air carriers operating at the Airport pursuant to the Use Agreements are referred to as "Signatory Airlines." The Use Agreements grant the Signatory Airlines the right to use the airfield and, as applicable, use and lease certain areas in the passenger terminal buildings, including concourses, and related facilities for the business of transporting persons, property, cargo, and mail by air. Signatory Airlines that operate from the passenger terminal buildings at the Airport may, but are not required to, lease space in the terminal buildings. The Use Agreements also provide for the payment of certain rentals, fees and charges by the Signatory Airlines.

Signatory Airlines. Signatory Airlines must commit to pay the City a minimum amount in landing fees throughout the term of their respective Use Agreements. The minimum landing fee commitment is $1,000,000 for Signatory Airlines with Use Agreements that began on July 1, 2011. The landing fee commitment is prorated in Use Agreements that began after July 1, 2011.

Signatory Airlines have the right to review and approve certain capital acquisitions and projects with a net cost (net of federal and/or state grants-in-aid and PFCs) in excess of $100,000 ("Capital Improvements") at the Airport, as well as the right to participate in the Airport's annual rate setting process (budget review and comment; meet and confer over rents, fees and charges), and, under certain circumstances, are eligible for a waiver of the security deposit requirements of their respective Use Agreements. Signatory Airlines may designate certain non-signatory airlines as their "Affiliates." Affiliates enjoy some, but not all, of the benefits of Signatory Airlines.

Airlines Rates and Charges Methodology. The Use Agreements set forth the methodology for computing the user fees and space rentals that are charged to the air carriers. Rentals, fees and charges are assessed to the Signatory Airlines and the other air carriers using the Airport to support the primary activities of the Airport - the airfield and the terminal buildings (including Terminal 1 and Terminal 2). The Use Agreements permit the City to adjust rental rates for each rate period to reflect overpayments and underpayments that occurred during the preceding rate period, and, to the extent necessary, replenish reasonable reserves for uncollected revenues.

Landing Fees. Under the terms of the Use Agreements, the Airport landing fees are computed based on a modified cost center residual rate methodology. In calculating the annual landing fee rate, the total costs of the Airfield are first calculated by adding the following costs for such year allocable to the

Airfield Cost Center:

- direct and indirect Operation and Maintenance Expenses;
- amortization of Capital Improvements made to the airfield and put into service before July 1, 2011;
- debt service associated with Capital Improvements made to the airfield, approved by the Signatory Airlines, and put into service on or after July 1, 2011;
- debt service or depreciation charges, as the case may be, associated with certain Capital Improvements undertaken on the airfield: to comply with laws and regulations or with the requirements of the Trust Indenture; as an emergency project; to settle claims, satisfy judgments, or comply with judicial orders; to repair casualty damage on the airfield; to mitigate aircraft noise as part of a Noise Compatibility Program; or to conduct any necessary environmental investigation or remediation;
- any replenishment or rebate of the Debt Service Reserve Account; and
- share of the Debt Service Stabilization Fund Contribution.

The "Initial Airfield Requirement" is then calculated by subtracting the following from the total costs allocable to the Airfield Cost Center:

- non-signatory airline landing fees;
- general aviation landing fees, if any;
- military use fees;
- fuel flowage fees;
- rent paid to the City by a consortium of airlines leasing the fuel farm; and
- certain credits made available annually by the City from the Debt Service Stabilization Fund.

The landing fee rate is then calculated by dividing the aggregate landed weight of all Signatory Airlines and their Affiliates into the sum of the Initial Airfield Requirement and that portion allocated to the Airfield Cost Center of Airport-wide residual shortfalls or overages that would result if airline charges were limited to the Initial Airfield Requirement and the Initial Terminal Requirement (see below) (the "Additional Airline Requirement").

In accordance with the terms of the Use Agreements, the landing fee rate applicable to non-signatory airlines that have signed an Operating Agreement is equal to 125% of the landing fee rate payable by the Signatory Airlines. The landing fee payable by each air carrier is then calculated by multiplying that air carrier's actual landed weight for the period in question, by the applicable landing fee rate.

Terminal Building Space Rentals. The Use Agreements establish two passenger terminal building cost centers: Terminal 1 Cost Center (including Terminal 1 and Concourses A, B, C and all but the four easternmost gates in Concourse D), and Terminal 2 Cost Center (including Terminal 2, the International Facilities, and the four easternmost gates in Concourse D). Under the terms of the Use Agreements, Signatory Airlines are charged terminal building rental rates computed based on a modified compensatory rate methodology. In calculating the annual rental rate for each terminal cost center, the total annual costs are first calculated by adding the following costs allocable to each terminal cost center:

- direct and indirect Operation and Maintenance Expenses;
- fifty percent (50%) of the total costs in the terminal roadways allocated between each of the terminal buildings based on the ratio that the usable space in each of the terminal buildings is to the aggregate usable space in all terminal buildings;

- amortization of Capital Improvements made to the terminal buildings and put into service before July 1, 2011;
- debt service associated with Capital Improvements made to the terminal buildings, approved by the Signatory Airlines, and put into service on or after July 1, 2011;
- debt service or depreciation charges, as the case may be, associated with certain Capital Improvements undertaken on the terminal buildings: to comply with laws and regulations or with the requirements of the Trust Indenture; as an emergency project; to settle claims, satisfy judgments, or comply with judicial orders; to repair casualty damage of the terminal buildings; to mitigate aircraft noise as part of a Noise Compatibility Program; or to conduct any necessary environmental investigation or remediation;
- any replenishment or rebate of the Debt Service Reserve Account; and
- share of the Debt Service Stabilization Fund Contribution.

The net costs attributable to each terminal cost center is then calculated by subtracting the following from the total costs allocable to each corresponding terminal cost center:

- rent payable for apron-level unenclosed space;
- non-signatory airline terminal rents; and
- certain credits made available annually by the City from the Debt Service Stabilization Fund.

The "Initial Terminal Requirement" is then calculated by dividing the net costs attributable to each terminal cost center by the usable space of such terminal building, and the resulting quotient (the "Initial Terminal Rental Rate") multiplied by the rented space of such terminal building.

The annual terminal rental rate applicable to the Signatory Airlines in each terminal building is then calculated by adding the Initial Terminal Rental Rate in each terminal cost center to the quotient derived by dividing the Additional Airline Requirement allocable to each terminal cost center by the rented space in each of the respective terminal buildings.

The annual terminal rental rate to the non-signatory airlines that have signed an Operating Agreement is equal to the applicable terminal rental rate calculated in accordance with the Use Agreements.

Airline Review and Approval of Capital Projects. Except as enumerated below, before undertaking any Capital Improvement, the City must notify the Signatory Airlines and request a Majority-in-Interest ("MII") approval for each such Capital Improvement. An MII is deemed to be 50% plus one of the Signatory Airlines operating at the Airport at the time of the voting action, having paid no less than 66.67% of the aggregate rents, fees, and charges paid by all signatory Airlines operating at the Airport during the immediately preceding fiscal year.

The City may undertake all Capital Improvements for which it receives MII approval. If MII approval is denied, the City may undertake only those Capital Improvements that are funded from sources other than Bond proceeds, and only if the unencumbered balance of the Airport Development Fund is $20,000,000 or greater; provided, however, that the City must delay obligating Airport funds necessary to undertake such Capital Improvements by one calendar year from the date in which the City requested MII approval. The City may not undertake Capital Improvements that are funded with Bond proceeds unless it receives MII approval for such projects.

No MII approval is required for Capital Improvements undertaken: (a) to comply with laws and regulations or with the requirements of the Trust Indenture; (b) as an emergency project; (c) to settle claims, satisfy judgments, or comply with judicial orders; (d) to repair casualty damage at the Airport; (e) to mitigate aircraft noise as part of a Noise Compatibility Program; (f) to conduct any necessary environmental investigation or remediation; (g) to build special facilities for which the City has a contractual commitment from a Signatory Airline or a financially-responsible third party; or (h) to be fully funded from PFCs.

Airline Operating Agreement and Terminal Space Permit. The Operating Agreements are month-to-month operating permits that may be terminated by either party by providing the other party 30-day written notice. Air carriers electing to operate at the Airport under the Operating Agreements are considered to be "non-signatory" airlines. The Operating Agreements are short term permits intended to provide flexibility for charter airlines, new entrants that may wish to test the market, and regional airlines that operate at the airport under a contract with other air carriers. Air carriers operating at the Airport pursuant to Operating Agreements are subject to a landing fee rate equal to 125% of the landing fee rate paid by the Signatory Airlines (unless the Operating Agreement airline is designated as an Affiliate by a Signatory Airline, in which case its landing fee rate is equal to the landing fee rate applicable to the Signatory Airlines). A passenger air carrier that signs an Operating Agreement and requests space in one of the terminal buildings pays a space use fee equal to the terminal rental rate payable by the Signatory Airlines.

Allocation of Space in the Terminal Building. Neither the Use Agreements nor the Operating Agreements require an air carrier to lease space in the Airport terminal buildings as a condition precedent to entering into either of those agreements. A Signatory Airline may lease space in the terminal buildings for its exclusive, preferential, joint, or common use and occupancy. As noted below, air carriers that sign an Operating Agreement may also receive a month-to-month space permit. All gates in the passenger terminal buildings have been designated as preferential use space. In accordance with the Use Agreements, a Signatory Airline's right to a preferential gate is subject to an average gate utilization requirement (by that air carrier and/or its Affiliate or partner airlines if applicable) of four flight departures each day from that gate. A Signatory Airline that fails to meet the average gate utilization during any given six-month period may be required to relinquish its preferential rights to one or more gates. In addition, under the provisions of the Use Agreements, the City retains the right to accommodate requesting air carriers (either new entrants or incumbents in need of more gate space) in an air carrier's preferential use gates if similar space cannot be found elsewhere in one of the terminal buildings. Finally, in accordance with the provisions of the Use Agreements and the Operating Agreements, the City retains the right to consolidate, force relinquishment, and/or relocate airline leased space, both preferential use and exclusive space, under certain circumstances and following agreed upon criteria.

Itinerant Air Carriers. The City has retained under its exclusive control six gates at the terminal buildings where itinerant air carriers can be accommodated and handled by a gate agent. The Airport Commission has established a schedule of fees and charges for the use of the Airport, including the use of the airfield, space in the terminal buildings, and hangars, applicable to all users of the Airport whose activities are not governed by a contract, lease, or agreement, such as a Use Agreement or an Operating Agreement.

Airport Maintenance. Under the terms of both the Use Agreements and the Operating Agreements, the City is required to maintain and keep in good repair all of the public areas and facilities of the Airport, including the structures associated with the terminal buildings, the utility systems within the Airport, and all other common use systems owned and operated by the City. For their part, the Signatory Airlines and the air carriers operating at the Airport pursuant to an Operating Agreement are individually required to repair and maintain in good condition the premises leased or assigned to each of them, including that portion of the utility systems serving each of their exclusive use facilities.

Cargo Addendum. Cargo air carriers may elect to operate under either a Use Agreement or an Operating Agreement, but must execute the applicable cargo addendum which prohibits cargo air carriers from operating from the Airport's passenger terminal buildings. Among other things, the cargo addenda for the Use Agreements and the Operating Agreements require cargo air carriers to arrange for operating space at the Airport separately with the City or with a third-party Airport tenant whose rights include providing such space.

Other Air Carrier Facilities. The City also has available throughout the Airport, and leases to individual air carriers, space suitable for maintenance activities, cargo operations, and other related facilities. Rental rates for these facilities are adjusted from time-to-time to reflect their fair market value.

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APPENDIX E

DTC INFORMATION

The information provided immediately below concerning DTC and the Book-Entry System, as it currently exists, has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriters or the City. The Underwriters and the City make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners will act in accordance with the procedures described above or in a timely manner.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity listed on the inside cover hereof, each in the principal amount of such maturity, and will be deposited with DTC.

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership.

DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

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

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

The City may discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Bonds will be printed and delivered as described in the Indenture.

The information in this section concerning DTC and DTC's Book-Entry Only System has been obtained from sources that the City and the Underwriters believe to be reliable, but the City and the Underwriters take no responsibility for the accuracy thereof.

APPENDIX F

FORM OF OPINION OF CO-BOND COUNSEL

June __, 2012

The City of St. Louis, Missouri
St. Louis, Missouri

UMB Bank, N.A., as Trustee
St. Louis, Missouri

Ladies and Gentlemen:

We have acted as co-bond counsel to the City of St. Louis, Missouri (the "City") in connection with the issuance by the City of its $___________ Airport Revenue Refunding Bonds, Series 2012 (AMT) (Lambert-St. Louis International Airport) (the "Series 2012 Refunding Bonds"). The Series 2012 Refunding Bonds are being issued by the City: (i) to refund certain prior Bonds issued under the Indenture (as more fully described herein), (ii) to pay costs of issuing the Series 2012 Refunding Bonds, and (iii) to fund a portion of the Debt Service Reserve Sub-Account for the Series 2012 Refunding Bonds.

We have reviewed the record of proceedings related to the issuance of the Series 2012 Refunding Bonds, including the Constitution and statutes of the State of Missouri (the "State"), including particularly Section 108.170 of the Revised Statutes of Missouri, as amended, the Charter of the City (the "Charter"), and Ordinance No. _____, adopted by the Board of Aldermen on May __, 2012 and, approved by the Mayor on May __, 2012 (the "Ordinance"), and the Indenture of Trust dated as of October 15, 1984 (the "Original Indenture") which Original Indenture, as amended, supplemented and restated, was amended, restated and superseded by that certain Amended and Restated Indenture of Trust, dated as of July 1, 2009 (the "Restated Indenture"), and as subsequently amended and supplemented, and as amended by the Eighteenth Supplemental Indenture of Trust, dated as of June 1, 2012 (the "Eighteenth Supplemental Indenture" and, together with the Original Indenture and the Restated Indenture, as amended, the "Indenture"), the Tax Certificate of the City dated as of the date hereof (the "Tax Certificate") and such other matters of fact and law as we have deemed necessary to enable us to render the opinions contained herein. Capitalized terms used and not defined herein shall have the same meanings given to such terms in the Indenture.

The Internal Revenue Code of 1986, as amended (the "Code") imposes certain requirements that must be met on the date of issuance of the Series 2012 Refunding Bonds and on a continuing basis subsequent to the issuance of the Series 2012 Refunding Bonds in order for interest on the Series 2012 Refunding Bonds to be excluded from gross income for federal income tax purposes under Section 103 of the Code. Such requirements include, but are not limited to, requirements relating to private use limitations and yield restriction of certain funds. The City has covenanted in the Indenture and the Tax Certificate (i) that so long as it owns the Airport, it will take no action that will impair the exemption of interest on the Series 2012 Refunding Bonds from federal income taxes, (ii) that it will comply with the provisions and procedures set forth in the Tax Certificate and (iii) that it will do and perform all acts and things necessary or desirable in order to assure that under the Code, as presently in force and effect, interest on the Series 2012 Refunding Bonds will, for purposes of federal income taxation, be excludable from gross income of the recipients thereof pursuant to Section 103 of the Code.

We have examined the law and such certified proceedings and other papers as we have deemed necessary to render the following opinions. In rendering the following opinions we have assumed the genuineness of all signatures, the authenticity of all documents tendered to us as originals and the conformity to original documents of all documents submitted to us as certified or photostatic copies. As to questions of fact material to our opinion, we have relied upon representations of the City and we have relied upon the certified proceedings and other certifications and documents furnished to us without undertaking to verify the same by independent investigation.

We have not been engaged, or undertaken, to review the accuracy, completeness or sufficiency of the Official Statement relating to the Series 2012 Refunding Bonds or other offering material relating to the Series 2012 Refunding Bonds and we express no opinion herein relating to any such matters.

For purposes of this opinion, we have assumed that the Indenture (other than the Eighteenth Supplemental Indenture) has been duly and lawfully executed and delivered by the parties thereto and is in full force and effect.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Series 2012 Refunding Bonds have been duly authorized, executed and delivered by the City in accordance with the Constitution and statutes of the State and the Charter and are valid and binding special and limited obligations of the City, payable solely from the sources provided therefor in the Indenture. The Series 2012 Refunding Bonds and the interest thereon do not constitute a pledge of the faith and credit of the City, the State or any political subdivision of the State.

2. The Ordinance has been duly and lawfully adopted by the City, is in full force and effect, and is valid and binding upon the City and enforceable against the City in accordance with its terms.

3. The Eighteenth Supplemental Indenture has been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the other party thereto, constitutes the valid and binding obligation of the City in accordance with its terms.

4. The Indenture creates the valid pledge which it purports to create of the moneys, securities and funds included in the Trust Estate and of all Revenues subject to the application thereof for the purposes and on the conditions permitted by the Indenture.

5. Based upon existing law, and assuming compliance with the tax covenants described herein, interest on the Series 2012 Refunding Bonds is excluded from the gross income of the owners of the Series 2012 Refunding Bonds for federal income tax purposes under Section 103 of the Code, however, no opinion is expressed as to the status of interest on any Series 2012 Bond for any period that such Series 2012 Bond is held by a "substantial user" of the facilities financed or refinanced by the Series 2012 Refunding Bonds or by a "related person" within the meaning of Section 147(a) of the Code. In addition, interest on the Series 2012 Refunding Bonds is treated as an item of preference for purposes of calculating the federal alternative minimum tax that may be imposed under the Code with respect to individuals and corporations. In rendering the opinions set forth in this paragraph, we have assumed compliance by the City with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2012 Refunding Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure by the City to comply with certain of such requirements may cause interest on the Series 2012 Refunding Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2012 Refunding Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Series 2012 Refunding Bonds.

6. Under existing law, and subject to the assumptions set forth in the preceding paragraph, interest on the Series 2012 Refunding is excluded from State taxable income for the purposes of the personal income tax and corporate income tax imposed by the State. No opinion is expressed regarding the applicability with respect to the Series 2012 Refunding Bonds or the interest on the Series 2012 Refunding Bonds of the taxes imposed by the State on financial institutions under Chapter 148 of the Revised Statutes of Missouri, as amended.

7. The Eighteenth Supplemental Indenture has been duly and lawfully adopted in accordance with the provisions of the Restated Indenture, including, without limitation, Sections 1101(5) and 1101 (9) thereof, and is valid and binding upon the City and enforceable in accordance with its terms, except insofar as the enforcement thereof may be subject to judicial discretion, the valid exercise of the sovereign police powers of the State and of the institutional powers of the United States of America and as may be limited by any applicable bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights.

The foregoing opinions are qualified to the extent that the rights of the holders of the Series 2012 Refunding Bonds and the enforceability of the Series 2012 Refunding Bonds, the Indenture and the other documents mentioned herein are subject to and may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium, or other laws in effect from time to time relating to the enforcement of creditors' rights, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have also examined a specimen copy of each of the Series 2012 Refunding Bonds as executed by the City, and in our opinion their form and execution are regular and proper.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion, or to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The opinions expressed herein are based upon and limited to the laws and judicial decisions of the State, exclusive of conflicts of law provisions, and the federal laws and judicial decisions of the United States as of the date hereof and are subject to any amendment, repeal or other modification of the laws or judicial decisions that served as the basis for such opinions, and to any applicable laws or judicial decisions hereafter enacted or rendered. Our engagement by the City with respect to the opinions expressed herein does not require, and shall not be construed to constitute, a continuing obligation on our part to notify or otherwise inform the addressee hereof of, or to update or supplement this opinion based upon, the amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for this opinion letter or of laws or judicial decisions hereafter enacted or rendered which impact on this opinion letter.

This opinion letter is being furnished solely to the parties to whom it is addressed and may not be relied upon by any other person or quoted in whole or in part or otherwise referred to without our prior written consent. This is only an opinion letter and not a warranty or guaranty of the matters discussed herein.

Very truly yours,

APPENDIX G

CONTINUING DISCLOSURE AGREEMENT

between

THE CITY OF ST. LOUIS, MISSOURI

and

UMB BANK, N.A.,
St. Louis, Missouri,
as Dissemination Agent

Dated as of June ___, 2012
Relating to

$_____________

THE CITY OF ST. LOUIS, MISSOURI
AIRPORT REVENUE REFUNDING BONDS,
SERIES 2012 (AMT)
(LAMBERT–ST. LOUIS INTERNATIONAL AIRPORT)

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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated as of June ___, 2012 (the "**Disclosure Agreement**") is executed and delivered by The City of St. Louis, Missouri (the "**City**") and UMB Bank, N.A., as Dissemination Agent (the "**Dissemination Agent**") in connection with the issuance of $__________ aggregate principal amount of the City's Airport Revenue Refunding Bonds, Series 2012 (AMT) (Lambert–St. Louis International Airport) (the "**Series 2012 Bonds**"). The Series 2012 Bonds are being issued pursuant to an Indenture of Trust, dated as of October 15, 1984, as amended and restated by the Amended and Restated Indenture of Trust, dated July 1, 2009, as further amended and supplemented, including by the Eighteenth Supplemental Indenture of Trust, dated as of June ___, 2012 (collectively, the "**Indenture**") between the City and UMB Bank, N.A., as Trustee (the "**Trustee**"). In consideration of the mutual covenants and agreements herein, the City and the Dissemination Agent covenant and agree as follows:

SECTION 1: Purpose of the Disclosure Agreement.

The City and the Dissemination Agent are entering into this Disclosure Agreement for the benefit of the Beneficial Owners of the Series 2012 Bonds and in order to assist the Participating Underwriters in complying with the Rule (as defined below). The City acknowledges that no other party has undertaken any responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement. Any air carrier having a use agreement having a term of more than one year pursuant to which it has paid amounts equal to at least 20% of the Revenues of the Airport for each of the prior two fiscal years (or its corporate parent) may be an "obligated person" as defined in Securities and Exchange Commission (the "**SEC**") Rule 15c2-12(f). As of the date of the Official Statement, Southwest Airlines and American Airlines, a subsidiary of AMR Corporation, meet the criteria in the preceding sentence. Southwest Airlines and American Airlines are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith, file reports and other information with the SEC (the "**SEC Reports**"), substantially equivalent to that required by the Rule. The City makes no representation with respect to, and assumes no responsibility for the accuracy or completeness of, any SEC Report filed by, or any information provided by, any air carrier meeting the criteria contained in this paragraph. The City represents that it has never failed to be make any filings required by continuing disclosure undertakings with respect to any of its bonds.

SECTION 2: Definitions.

In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Series 2012 Bonds (including persons holding Series 2012 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2012 Bonds for federal income tax purposes.

"City" means The City of St. Louis, Missouri.

"Dissemination Agent" means UMB Bank, N.A., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the City and which has filed with the City and the Trustee a written acceptance of such designation.

"EMMA" means the Electronic Municipal Market Access System, operated by the MSRB.

"Listed Events" means any of the events listed in Section 5(A) of this Disclosure Agreement, and includes any Material Listed Events.

"Material Listed Events" means such of the events listed in Section 5(A) of this Disclosure Agreement which require a determination of materiality and which the City has advised the Dissemination Agent are material under applicable federal securities law.

"MSRB" means the Municipal Securities Rulemaking Board and any successor thereto.

"National Repository" means any nationally recognized municipal securities information repository for purposes of the Rule. Currently, the sole National Repository within the meaning of the Rule is the Municipal Securities Rulemaking Board through EMMA and filings shall be submitted solely at its website, http://emma.msrb.org.

"Participating Underwriter" means any of the original underwriters of the Series 2012 Bonds required to comply with the Rule in connection with the offering of the Series 2012 Bonds.

"Official Statement" means the Official Statement dated __________, 2012, relating to the issuance and sale of the Series 2012 Bonds.

"Repository" means each National Repository and each State Repository, if any.

"Rule" means Rule 15c-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" means the State of Missouri.

"State Repository" means any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Agreement, there is no State Repository.

SECTION 3: Provision of Annual Reports.

A. The City shall, or shall cause the Dissemination Agent to, not later than 210 days after the end of the City's fiscal year (presently June 30) commencing with the report for the fiscal year ending June 30, 2012, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(A) of this Disclosure Agreement.

B. Not later than fifteen (15) Business Days prior to the date specified in Subsection A above for providing the Annual Report to the Repositories, the City shall either provide the Annual Report to the Dissemination Agent with instructions to file the Annual Report as specified in Subsection A above or provide a written certification to the Dissemination Agent and the Trustee (if not the Dissemination Agent) that the City has provided the Annual Report to the Repositories).

C. If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repositories by the date in Subsection A, the Dissemination Agent shall send a notice to each Repository (the Municipal Securities Rulemaking Board and the State Repository, if any) in substantially the form of **Exhibit A** hereto.

D. The Dissemination Agent shall:

1. determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any;

2. unless the City has certified in writing that the City has provided the Annual Report to the Repositories, promptly following receipt of the Annual Report and the instructions required by Subsection B above, provide the Annual Report to the Repositories and file a report with the City and the Trustee (if the Dissemination Agent is not the Trustee) certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided or that the City has certified that it filed the Annual Report; and

3. unless the City has provided the Annual Report as provided above, notify the City in each year not later than 90 days and again not later than 30 days prior to the date for providing the Annual Report to the Repositories, of the date on which its Annual Report must be provided to the Dissemination Agent or Repositories.

SECTION 4: Content of the Annual Report.

The City's Annual Report will contain or include by reference the following:

(1) The audited financial statements of the Airport for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Financial Accounting Standards Board. If the Airport's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to the Disclosure Agreement, the Annual Report will contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements will be filed in the same manner as the Annual Report when they become available.

(2) The following statistical and operating data of the Airport, updated for the City's prior Fiscal Year:

a) The list of Major Air Carriers, Regional Air Carriers and Air Cargo Carriers at the Airport, including information as to which are Signatory Airlines and Non-Signatory Airlines;

b) The table captioned "Airport Revenues and Expenses and Certain Bond-Related Data" contained in the Official Statement in the section "AIRPORT FINANCIAL INFORMATION–Revenues and Expenses";

c) A table reflecting "O&D AND CONNECTING ENPLANEMENTS" comparable to the table contained in the Official Statement in the section "AIRPORT OPERATIONS–Passenger Enplanements";

d) A table reflecting "Annual Enplanements of Largest Carriers" and Market Share comparable to the table in the Official Statement under the caption "AIRPORT OPERATIONS–Airline Market Shares;

e) A table reflecting "SUMMARY OF SIGNATORY AIRLINE REVENUES, COST PER ENPLANED PASSENGER AND RATES" (actual only) comparable to the table in the Official Statement under the caption "REVIEW OF THE AIRPORT CONSULTANT - Projected Airport Revenues";

f) A table reflecting "TRENDS IN AIR SERVICE AT STL" comparable to Table 1 in APPENDIX A - "Review of the Airport Consultant" in the Official Statement;

g) A table reflecting "BASE FORECAST ENPLANEMENTS" (actual only) comparable to Table 2 in APPENDIX A - "Review of the Airport Consultant" in the Official Statement;

h) A table reflecting "BASE FORECAST AIRCRAFT DEPARTURES (ARRIVALS)" (actual only) comparable to Table 3 in APPENDIX A - "Review of the Airport Consultant" in the Official Statement;

i) A table reflecting "BASE FORECAST AIRCRAFT LANDED WEIGHT" (actual only) comparable to Table 4 in APPENDIX A - "Review of the Airport Consultant" in the Official Statement;

j) A table reflecting "SUMMARY OF SIGNATORY AIRLINES, COST PER ENPLANED PASSENGER, AND RATES" (actual only) comparable to Table 6 in APPENDIX A - "Review of the Airport Consultant" in the Official Statement.; and

k) A table reflecting "PROJECTED COVERAGE CALCULATION" (actual only) comparable to Table 7 in APPENDIX A - "Review of the Airport Consultant" in the Official Statement.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of issues with respect to which the City is an "obligated person," which have been filed with each of the Repositories, the MSRB or the SEC. If the document included by reference is a final official statement, it must be available from the MSRB and clearly identified as such by the City.

SECTION 5: Reporting of Significant Events.

A. Pursuant to the provisions of this Section, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2012 Bonds, in a timely manner not in excess of ten business days after the occurrence of such event:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. modifications to rights of Series 2012 Bondholders, if material;

4. Series 2012 Bond calls, if material, and tender offers;

5. defeasance;

6. rating changes;

7. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2012 Bonds, or other material events affecting the tax status of the Series 2012 Bonds;

8. unscheduled draws on debt service reserves reflecting financial difficulties;

9. unscheduled draws on credit enhancements reflecting financial difficulties;

10. substitution of credit or liquidity providers, or their failure to perform;

11. release, substitution or sale of property securing repayment of the Series 2012 Bonds, if material;

12. bankruptcy, insolvency, receivership or similar event of the obligated person;

13. the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

B. The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any Listed Event, contact the City, inform such person of the event, and, if such Listed Event requires a determination of materiality, request that the City promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to Subsection F below.

C. Whenever the City obtains knowledge of the occurrence of a Listed Event requiring a determination of materiality, as set forth in Subsection A above, because of a notice from the Dissemination Agent pursuant to Subsection B above or otherwise, the City shall as soon as possible determine if such event is a Material Listed Event.

D. If knowledge of the occurrence of a Listed Event requiring a determination of materiality would be material under applicable federal securities laws, the City shall promptly notify the Dissemination Agent in writing if it is a Material Listed Event. Such notice shall instruct the

Dissemination Agent to report the occurrence of the Material Listed Event pursuant to Subsection F below.

E. If in response to a request under Subsection B above, the City determines that the Listed Event requiring a determination of materiality is not a Material Listed Event, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to Subsection F below.

F. The Dissemination Agent shall file a notice of all Listed Events within the timeframe set forth in Subsection A above with the National Repositories and each State Repository, with a copy to the City.

SECTION 6: EMMA.

The Dissemination Agent shall use EMMA for the submission of Annual Reports and Listed Events for so long as EMMA is recognized, authorized or approved by the SEC. Submission of an Annual Report or a Listed Event by the Dissemination Agent to EMMA shall be deemed to satisfy the Dissemination Agent's obligations under this Disclosure Agreement with respect to that Annual Report or Listed Event.

SECTION 7: Termination of Reporting Obligations.

The City's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all the Series 2012 Bonds. If the City's obligations under the Indenture are assumed in full by another entity, such entity shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the City, and the City shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Series 2012 Bonds, the City shall give notice of such termination or substitution in the same manner as for a Listed Event under Section 5(A) of this Disclosure Agreement.

SECTION 8: Dissemination Agent.

The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to the Disclosure Agreement. The Dissemination Agent may resign at any time by providing 30 days written notice to the City. The Dissemination Agent also will have no duty or obligation to determine the materiality of the Listed Events and will not be deemed to be acting in any fiduciary capacity for the City, any Beneficial Owner or any other party. If at any time there is no other designated Dissemination Agent, the Trustee will be the Dissemination Agent. The initial Dissemination Agent shall be UMB Bank, N.A.

SECTION 9: Amendment; Waiver.

Notwithstanding any other provision of this Disclosure Agreement, the City and the Dissemination Agent may amend this Disclosure Agreement (and the execution of such amendment by the Dissemination Agent so requested by the City shall not be unreasonably withheld) and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

1. If the amendment or waiver relates to the provisions of Sections 3A, 4 or 5A of this Disclosure Agreement, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, rule or regulation or change in the identity, nature or status of an obligated person with respect to the Series 2012 Bonds, or the type of business conducted;

2. The undertaking, as amended or taking into account such waiver, should, in the Opinion of Co-Bond Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2012 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

3. The amendment or waiver either (i) is approved by the Bondholders of the Series 2012 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Bondholders, or (ii) in the Opinion of Co-Bond Counsel, does not materially impair the interests of the Bondholders or Beneficial Owners of the Series 2012 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5 of this Disclosure Agreement, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10: Additional Information.

Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of the occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement, provided that the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of the occurrence of a Listed Event.

Unless no longer required by the Rule, the City will use reasonable efforts to cause each obligated person other than the City, if any (to the extent that such obligated person is not otherwise required to file SEC reports), to provide the City annual information substantially equivalent to that contained in SEC reports.

SECTION 11: Default.

In the event of a failure of the City or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, upon receipt of satisfactory indemnity and at the request of any Participating Underwriter or the Bondholders or Beneficial Owner of at least 25% aggregate principal amount of Outstanding Series 2012 Bonds, shall), or any Bondholder or Beneficial Owner of at least *25%* aggregate principal amount of the Series 2012 Bonds may, take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed to be an Event of Default under the Indenture or with respect to the Series 2012 Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the City or the Dissemination Agent to comply with this Disclosure Agreement shall be action to compel performance.

SECTION 12: Duties, Immunities and Liabilities of Trustee and Dissemination Agent.

The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and, to the extent permitted by applicable law, the City hereby indemnifies and saves the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2012 Bonds.

SECTION 13: Notices.

Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Airport:

Lambert-St. Louis International Airport
10701 Lambert International Drive
St. Louis, MO 63145
Telephone: 314-426-8057
Fax: 314-426-8060

To the City:

The City of St. Louis, Missouri
Comptroller's Office
City Hall West
1520 Market Street, Suite 3005
St. Louis, MO 63103
Attention: Ivy Neyland-Pinkston, Deputy Comptroller
Telephone: 314-657-3431
Fax: 314-588-0550

With copy to:
The City of St. Louis, Missouri
City Hall, Room 314
1200 Market Street
St. Louis, Missouri 63103
Attention: City Counselor
Telephone: 314-622-3461
Fax: 314-622-4956

To the Dissemination Agent:

UMB Bank, N.A.
Attn: Corporate Trust Department
2 South Broadway, Suite 435
St. Louis, Missouri 63102
Telephone: 314-612-8480
Fax: 314-612-8499

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 14: Beneficiaries.

This Disclosure Agreement shall inure solely to the benefit of the City, the Trustee, the Dissemination Agent, the Participating Underwriters, and Series 2012 Bondholders and Beneficial Owners from time to time of the Series 2012 Bonds, and shall create no rights in any other person or entity.

SECTION 15: Counterparts.

This Disclosure Agreement 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 16: Governing Law.

This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of Missouri.

SECTION 17: Severability.

If any provision in this Disclosure Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 18: Captions.

The captions or headings in this Disclosure Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provision or section of this Disclosure Agreement.

SECTION 19: Electronic Means.

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 suite in the appropriate court of law.

[SEAL]

THE CITY OF ST. LOUIS, MISSOURI

By: ______________________________
Mayor

By: ______________________________
Comptroller

[SEAL]

ATTEST

By: ______________________________
Register

APPROVED AS TO FORM:

By: ______________________________
City Counselor

[Continuing Disclosure Agreement]

UMB BANK, N.A., as Dissemination Agent

By: ______________________________________
Authorized Officer

[Continuing Disclosure Agreement]

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	The City of St. Louis, Missouri (the "**City**")
Name of Obligor:	The City of St. Louis, Missouri (the "**City**")
Name of Bond Issue:	Airport Revenue Refunding Bonds, Series 2012 (AMT) (Lambert–St. Louis International Airport)
Date of Issuance:	June __, 2012

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement dated as of __________, 2012, between the City and UMB Bank, N.A., as Dissemination Agent. The City has notified the Dissemination Agent that it anticipates that the Annual Report will be filed by the following date:

_____________________.

DATED: __________________

UMB BANK, N.A., as Dissemination Agent on behalf of The City of St. Louis,. Missouri

cc: Comptroller, The City of St. Louis, Missouri
City Counselor, The City of St. Louis, Missouri
Treasurer, The City of St. Louis, Missouri

APPENDIX H

The PFC Program

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THE PFC PROGRAM

Termination of Authority to Impose and Use PFCs. The FAA may terminate the City's authority to impose PFCs, subject to informal and formal procedural safeguards, if the FAA determines that (i) the City is in violation of certain provisions of the Noise Control Act, 42 USC 4901-4918 (the "Noise Act"), relating to airport noise and access restrictions, (ii) PFCs and investment income thereon are not being used for Approved PFC funding in accordance with the FAA's approvals or with the PFC Act and the PFC Regulations, (iii) implementation of projects financed with PFCs does not commence within the time periods specified in the PFC Act and the PFC Regulations or (iv) the City is otherwise in violation of the PFC Act, the PFC Regulations or the PFC Approvals.

Informal Resolution Process for PFC Act Violations. Pursuant to the provisions of the PFC Act, the PFC Regulations provide for an informal process for resolution of possible violations of the PFC Act, PFC Regulations or PFC Approvals. A public agency may also request that the FAA agree in the PFC approval to a specific, informal resolution process that the FAA will follow if it suspects the public agency has committed such a violation.

Formal Termination Process for PFC Act Violations. Pursuant to the PFC Regulations, formal termination proceedings are authorized only *if* the FAA determines that efforts to achieve an informal resolution are not successful. The formal termination process prescribed in the PFC Regulations is to be initiated upon the FAA's filing of a notice, followed by a 60-day period during which the City may submit further comments and take corrective action. The PFC Regulations provide that if corrective action is not taken as prescribed in the notice, the FAA is required to hold a public hearing at least 30 days after notifying the City and publishing a notice of the hearing in the Federal Register. After the public hearing, the City would have 10 days after receiving notice of the FAA's decision to advise the FAA in writing that it will complete any corrective action prescribed in the FAA's decision within 30 days or to provide the FAA with a list of collecting carriers, after which the FAA would notify the collecting carriers to terminate or to modify the PFC accordingly. The formal termination process would last at least 100 days.

Noise Act Violations. The City's authority to impose PFCs may be terminated if the City violates the provisions of the Noise Act. Although the procedures described above do not apply to alleged violations of the Noise Act, the Noise Act and FAA regulations thereunder provide procedural safeguards to ensure that the City's authority to impose PFCs at the Airport will not be summarily terminated because of violations of the Noise Act. In general, the City can prevent termination of its PFC Authority by suspending the effectiveness of any noise or access restriction in question, until the legal sufficiency of the restriction, and its impact on the City's authority to impose PFCs at the Airport, has been determined. The PFC approvals issued by the FAA in 2000 included findings by the FAA that the City has not been found to be in violation of the Noise Act and that the FAA is not aware of any proposal at the Airport that would be found to be in violation of the Noise Act.

Treatment of PFCs in Air Carrier Bankruptcies. The PFC Act was amended in 1996 to provide that PFCs that are held by a Collecting Carrier constitute a trust fund that is held for the beneficial interest of the eligible agency imposing the PFCs and that the Collecting Carrier holds neither legal nor equitable interest in the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, PFC Regulations require Collecting Carriers to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds in financial statements. The Collecting Carriers, however, are permitted to commingle PFC collections with their other sources of revenue and are also entitled to retain interest earned on PFC collections until such PFCs must be remitted. Despite the language in the PFC Act, at least one bankruptcy court in an unpublished opinion has indicated that PFC revenues held by an air carrier in bankruptcy would not be treated as a trust fund and would instead be subject to the general claims of such air carrier's unsecured creditors. In an unpublished opinion rendered in the TWA bankruptcy, the Court entered a stipulated order on March 12, 2001 establishing a $7.5 million PFC trust fund for the benefit of various airports to whom TWA was not current on PFC payments. At the time TWA filed its petition for reorganization, the Airport was owed approximately $2 million in PFCs for the month of November 2000, which were payable by December 31, 2000. Pursuant to Court authorization, the Airport was paid all PFC amounts then due it on January 17, 2001. Thereafter, during the bankruptcy proceedings, TWA paid all PFC amounts due the Airport. There is no assurance as to which approach other bankruptcy courts will use in the future. In 2003 Congress added a provision (Section 124 of Pub. L. 108-176 (December 12, 2003)) that imposes additional requirements relating to PFC revenues on air carriers filing for bankruptcy after the date of enactment. These air carriers in bankruptcy would have to segregate PFC money so that the airport for which the PFC was collected would be assured of receiving its money should the airline go out of business during the interim period between the date that the PFC was collected and the time it was remitted to the airport. Such air carriers would not be required, however, to put that money in an escrow account.

The PFC Program at the City

City PFC Approvals. The Airport has obtained the approval under seven PFC applications (PFC #1, PFC #2, PFC #3, PFC #4, PFC #5 and PFC #6 and PFC #9)--to impose and use PFCs (on both a pay-as-you-go and leveraged basis) for a variety of projects including the Noise Compatibility Program, Terminal 2, a number of smaller airfield and terminal projects, the ADP and the Terminal Improvement Program. The Airport collected a total of $25.7 million in PFC Revenues (including investment earnings) for the twelve-month period ended March 31, 2011. In September 2001, the Airport obtained approval to increase the PFC rate from $3.00 per passenger to $4.50. The $4.50 rate has been collected since December 2001.

As of March 31, 2012, the FAA had authorized the City to collect up to $1.1 billion in PFCs through 2026, of which approximately $641 million has been collected, plus an additional $51 million of interest earned totaling $693 million of PFC Revenues. From this total, $672 million was expended, leaving a PFC Account balance of approximately $21 million.

THE CITY OF ST. LOUIS, MISSOURI • AIRPORT REVENUE REFUNDING BONDS, SERIES 2012 (AMT) (LAMBERT-ST. LOUIS INTERNATIONAL AIRPORT)

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