

NEW ISSUES: BOOK-ENTRY-ONLY**S&P RATING: "A" (See "RATING" herein)**

In the opinion of Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Series 2016A Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended. Interest on the Series 2016A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Series 2016A Bonds is excluded from State of Missouri taxable income for purposes of the personal income tax and corporate income tax imposed by the State of Missouri. Bond Counsel is also of the opinion that interest on the Series 2016B Bonds is included in gross income for federal income tax purposes, and is not exempt from income taxation by the State of Missouri, both in accordance with the Bondholder's method of accounting. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2016 Bonds. See "TAX MATTERS" herein.

ST. LOUIS MUNICIPAL FINANCE CORPORATION**\$5,975,000**

**REFUSE FACILITY AND MUNICIPAL GARAGE
PROJECTS
LEASEHOLD REVENUE BONDS
(CITY OF ST. LOUIS, MISSOURI, LESSEE)
SERIES 2016A**

\$5,835,000

**REFUSE FACILITY PROJECT TAXABLE
LEASEHOLD REVENUE BONDS
(CITY OF ST. LOUIS, MISSOURI, LESSEE)
SERIES 2016B**

Dated: Date of Delivery**Due: As shown on the inside cover**

The St. Louis Municipal Finance Corporation (the "**Corporation**"), a Missouri nonprofit corporation, is issuing its Refuse Facility and Municipal Garage Projects Leasehold Revenue Bonds (City of St. Louis, Missouri, Lessee), Series 2016A (the "**Series 2016A Bonds**"), and its Refuse Facility Project Taxable Leasehold Revenue Bonds (City of St. Louis, Missouri, Lessee), Series 2016B (the "**Series 2016B Bonds**," and together with the Series 2016A Bonds, the "**Series 2016 Bonds**"). The Series 2016 Bonds will be issued under and secured by the Trust Indenture dated as of June 1, 2016 (the "**Indenture**") by and between the Corporation and U.S. Bank National Association, St. Louis, Missouri, as trustee (the "**Trustee**"). The proceeds of the Series 2016 Bonds will be utilized as described herein.

The Series 2016 Bonds and the interest thereon are special obligations of the Corporation payable solely from Rentals, Additional Rentals (both as defined herein) and certain other revenues and receipts to be made by The City of St. Louis, Missouri (the "**City**") pursuant to the Lease Purchase Agreement dated as of June 1, 2016 (the "**Lease**") by and between the Corporation and the City and are secured by a pledge and assignment of the Trust Estate (as defined herein) to the Trustee in favor of the Bondholders, as provided in the Indenture. The Series 2016 Bonds are further secured by a deed of trust on the Corporation's leasehold interest in the Leased Property (as defined herein) pursuant to the Leasehold Deed of Trust, Security Agreement, and Fixture Filing (the "**Leasehold Deed of Trust**") dated as of June 1, 2016 from the Corporation for the benefit of the owners and holders of the Series 2016 Bonds.

THE SERIES 2016 BONDS ARE ISSUED BY AND REPRESENT SPECIAL OBLIGATIONS OF THE CORPORATION. THE PRINCIPAL OF THE SERIES 2016 BONDS, AND PREMIUM, IF ANY, AND INTEREST THEREON WILL NOT CONSTITUTE A DEBT OR LIABILITY OF THE CORPORATION, THE CITY, THE STATE OF MISSOURI (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, AND NONE OF THE CORPORATION, THE CITY OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WILL BE LIABLE THEREON, EXCEPT FROM THE PAYMENTS, REVENUES AND RECEIPTS DERIVED FROM THE LEASE. THE ISSUANCE OF THE SERIES 2016 BONDS WILL NOT OBLIGATE THE CITY TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION TO MAKE PAYMENTS UNDER THE LEASE IN ANY FISCAL YEAR SUBSEQUENT TO A FISCAL YEAR IN WHICH THE LEASE IS IN EFFECT. THE CORPORATION HAS NO TAXING POWER. NONE OF THE CORPORATION, THE CITY, OR THEIR OFFICERS, DIRECTORS OR EMPLOYEES WILL BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, INTEREST OR REDEMPTION PREMIUM, IF ANY, ON THE SERIES 2016 BONDS, EXCEPT AS PROVIDED IN THE INDENTURE AND THE LEASE. For more information, see "SECURITY AND SOURCES OF PAYMENT."

The Series 2016 Bonds are issuable only as fully registered bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof. Interest on the Series 2016 Bonds is payable on April 15 and October 15 of each year, commencing October 15, 2016. Principal of the Series 2016 Bonds will be payable as set forth on the inside cover page hereof. The Series 2016 Bonds will be issued under a Book-Entry Only System registered in the name of Cede & Co., as nominee for The Depository Trust Company ("**DTC**"). Purchasers of the Series 2016 Bonds will not receive certificates representing their interests in the Series 2016 Bonds purchased. So long as DTC or its nominee is the registered owner of the Series 2016 Bonds, payments of principal of and interest on such Series 2016 Bonds will be made directly to DTC, or its nominee, which will in turn remit such payments to its Participants (as defined herein), which will in turn remit such payments to the Beneficial Owners (as defined herein) of the Series 2016 Bonds. See "**THE SERIES 2016 BONDS - Book-Entry-Only System**" and **APPENDIX D – "Book-Entry System."**

This cover page contains information for reference only. It is not a complete summary of this Official Statement. Investors must read the entire Official Statement, including the cover page, the inside cover page, and appendices hereto, to obtain information essential to making an informed investment decision. Capitalized terms used and not defined herein are defined in "**APPENDIX C – "Summary of Certain Provisions of the Legal Documents."**

FOR MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES AND CUSIP NUMBERS, SEE INSIDE COVER PAGE.

The Series 2016 Bonds are subject to redemption prior to maturity as described herein. See "**THE SERIES 2016 BONDS – Optional Redemption**" and "**- Extraordinary Redemption.**"

The purchase of the Series 2016 Bonds is subject to certain risks and may not be a suitable investment for all persons. Prospective purchasers should carefully evaluate the risks and merits of investing in the Series 2016 Bonds. See "BONDHOLDERS' RISKS."

The Series 2016 Bonds are offered when, as and if issued by the Corporation and received by the Underwriters (as defined herein) and subject to prior sale, withdrawal or modification of the offer without notice and to the approval of legality of the Series 2016 Bonds by Spencer Fane LLP, St. Louis, Missouri, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Corporation and the City by the office of the City Counselor and by the City's Disclosure Counsel, Schiff Hardin LLP, New York, New York and for the Underwriters by Saulsberry & Associates, LLC, St. Louis, Missouri, Underwriters' Counsel. It is expected that the Series 2016 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 22, 2016.

**PNC Capital Markets LLC
Backstrom McCarley Berry & Co., LLC**

**Stifel
Stern Brothers & Co.**

The date of this Official Statement is June 10, 2016.

Maturities, Principal Amounts, Interest Rates, Yields, Prices, and CUSIP Numbers

ST. LOUIS MUNICIPAL FINANCE CORPORATION
\$5,975,000
REFUSE FACILITY AND MUNICIPAL GARAGE PROJECTS
LEASEHOLD REVENUE BONDS
(CITY OF ST. LOUIS, MISSOURI, LESSEE)
SERIES 2016A

Maturity	Principal	Interest			CUSIP
<u>April 15</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Numbers*</u>
2022	\$ 805,000	5.000%	1.800%	117.586%	79165T SD4
2023	1,200,000	5.000	1.950	119.369	79165T SE2
2024	1,260,000	5.000	2.110	120.715	79165T SF9
2025	1,320,000	5.000	2.220	122.140	79165T SG7
2026	1,390,000	5.000	2.360	123.003	79165T SH5

\$5,835,000
REFUSE FACILITY PROJECT TAXABLE LEASEHOLD REVENUE BONDS
(CITY OF ST. LOUIS, MISSOURI, LESSEE)
SERIES 2016B

Maturity	Principal	Interest		CUSIP
<u>April 15</u>	<u>Amount</u>	<u>Rate</u>	<u>Price</u>	<u>Numbers*</u>
2017	\$1,125,000	1.125%	100.000%	79165T SJ1
2018	1,060,000	1.771	100.000	79165T SK8
2019	1,080,000	1.907	100.000	79165T SL6
2020	1,100,000	2.211	100.000	79165T SM4
2021	1,125,000	2.411	100.000	79165T SN2
2022	345,000	2.631	100.000	79165T SP7

*Copyright of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of bondholders only at the time of issuance of the Series 2016 Bonds and neither the Corporation nor the City makes any representation with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2016 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2016 Bonds.

THE CITY OF ST. LOUIS, MISSOURI

ELECTED OFFICIALS

Francis G. Slay, Mayor
Darlene Green, Comptroller
Lewis E. Reed, President of the Board of Aldermen
Tishaura O. Jones, Treasurer

BOARD OF ALDERMEN

Sharon Tyus - Ward 1	Thomas Albert Villa - Ward 11	Cara Spencer - Ward 20
Dionne Flowers - Ward 2	Larry Arnowitz - Ward 12	Antonio D. French - Ward 21
Freeman M. Bosley, Sr. - Ward 3	Beth Murphy - Ward 13	Jeffrey L. Boyd - Ward 22
Samuel L. Moore - Ward 4	Carol Howard - Ward 14	Joseph A. Vaccaro - Ward 23
Tammika Hubbard - Ward 5	Megan E. Green - Ward 15	Scott Ogilvie - Ward 24
Christine Ingrassia - Ward 6	Donna Baringer - Ward 16	Shane Cohn - Ward 25
John J. Coatar - Ward 7	Joseph D. Roddy - Ward 17	Frank Williamson - Ward 26
Stephen J. Conway - Ward 8	Terry Kennedy - Ward 18	Chris Carter - Ward 27
Kenneth Ortmann - Ward 9	Marlene E. Davis - Ward 19	Lyda Krewson - Ward 28
Joseph Vollmer - Ward 10		

BOARD OF ESTIMATE AND APPORTIONMENT

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

OTHER CITY REPRESENTATIVES

James M. Garavaglia, Deputy Comptroller for Finance and Development
Michael Hernton, Fiscal Officer
Denise Peeples, Accounting Coordinator
Kelley Anderson, Esq., Special Assistant to the Comptroller
Ryan Coleman, Financial Analyst
Michael A. Garvin, Interim City Counselor

ST. LOUIS MUNICIPAL FINANCE CORPORATION

BOARD OF DIRECTORS

James M. Garavaglia, President
Tom Shepard, Vice President
Todd Waelterman, Vice President
Michael A. Garvin, Secretary
Paul Payne, Treasurer

BOND COUNSEL

Spencer Fane LLP
St. Louis, Missouri

MUNICIPAL ADVISOR

Public Financial Management, Inc.
Philadelphia, Pennsylvania

TREASURER'S MUNICIPAL ADVISOR

Comer Capital Group, LLC
Jackson, Mississippi

PAYING AGENT AND BOND REGISTRAR

U.S. Bank National Association, St. Louis, Missouri

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REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement is provided in connection with the initial offering and sale of the Series 2016 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 Corporation, the City, 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 Corporation, the City 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 will there be any sale of the Series 2016 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 will under any circumstances create any implication that there has been no change in the affairs of the Corporation or the City since the date hereof (or since the date of any information included herein that is dated other than the date hereof).

The Series 2016 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 2016 Bonds in accordance with applicable provisions of securities laws of any states in which the Series 2016 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 2016 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 2016 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, 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 Corporation and the City on the date hereof, and the Corporation and the City assume 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” and in APPENDIX F – “Form of Continuing Disclosure Agreement.”

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Securities and Exchange Commission Rule 15c2-12.

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OFFICIAL STATEMENT
Relating to

ST. LOUIS MUNICIPAL FINANCE CORPORATION

\$5,975,000
REFUSE FACILITY AND MUNICIPAL
GARAGE PROJECTS
LEASEHOLD REVENUE BONDS
(CITY OF ST. LOUIS, MISSOURI, LESSEE)
SERIES 2016A

\$5,835,000
REFUSE FACILITY PROJECT TAXABLE
LEASEHOLD REVENUE BONDS
(CITY OF ST. LOUIS, MISSOURI, LESSEE)
SERIES 2016B

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 cover page, inside cover page and 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 and not otherwise defined in this Official Statement have the meanings given to them in **APPENDIX C - “Summary of Certain Provisions of the Legal Documents.”***

This Official Statement is furnished in connection with the offer and sale of the Refuse Facility and Municipal Garage Projects Leasehold Revenue Bonds (City of St. Louis, Missouri, Lessee), Series 2016A (the “**Series 2016A Bonds**”) and the Refuse Facility Project Taxable Leasehold Revenue Bonds (City of St. Louis, Missouri, Lessee), Series 2016B (the “**Series 2016B Bonds**,” and together with the Series 2016A Bonds, the “**Series 2016 Bonds**”) by the St. Louis Municipal Finance Corporation (the “**Corporation**”). **Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.**

The order and placement of materials in this Official Statement, including the information on the cover page, the inside cover page, and the Appendices, are not to be deemed to be a determination of relevance, materiality or relative importance.

The City

The City of St. Louis, Missouri (the “**City**”) is a constitutional charter city and political subdivision of the State of Missouri (the “**State**”). For more information on the City, see “**THE CITY OF ST. LOUIS, MISSOURI**” and **APPENDIX A - “Information Regarding The City of St. Louis, Missouri.”**

The Corporation

The Corporation is a nonprofit corporation duly organized and existing pursuant to the Missouri Nonprofit Corporation Act, Chapter 355 of the Revised Statutes of Missouri, as amended (the “**Nonprofit Corporation Act**”). For more information on the Corporation, see “**THE CORPORATION.**”

Authorization for the Series 2016 Bonds

The Series 2016 Bonds are issued under the authority of (1) Missouri Nonprofit Corporation Act, as amended; (2) Ordinance No. 70240, adopted by the Board of Aldermen of the City on March 11,

2016, and signed by the Mayor of the City on March 21, 2016 with respect to the Series 2016 Bonds (the ***“Ordinance”***); and (3) a Resolution of the Board of Directors of the Corporation adopted on June 2, 2016 (the ***“Resolution”***).

The Series 2016 Bonds are issued pursuant to a Trust Indenture dated as of June 1, 2016 (the ***“Indenture”***) between the Corporation and U.S. Bank National Association, as trustee (the ***“Trustee”***). The Ordinance, the Resolution, and the Indenture authorize the issuance of the Series 2016 Bonds subject to the requirements specified in the Indenture and summarized under the section ***“THE SERIES 2016 BONDS.”*** For a summary of the Indenture, see **APPENDIX C - “Summary of Certain Provisions of the Legal Documents.”**

The Project

A portion of the proceeds from the sale of the Series 2016A Bonds will be used to pay a portion of the costs associated with the Refuse Facility Project (as defined below) and the costs associated with the Municipal Garage Project (as defined below) (together, the ***“Project”***). A portion of the proceeds from the sale of the Series 2016B Bonds will be used to pay a portion of the costs associated with the Refuse Facility Project. See ***“PLAN OF FINANCE – The Project.”***

Purposes of the Series 2016 Bonds

The proceeds of the Series 2016A Bonds will be used for the purpose of (1) paying and reimbursing the City for a portion of the costs associated with the Refuse Facility Project; (2) paying and reimbursing the City for a portion of the costs associated with the Municipal Garage Project; (3) funding the Debt Service Reserve Fund for the Series 2016A Bonds; and (4) paying the costs of issuance of the Series 2016A Bonds.

The proceeds of the Series 2016B Bonds will be used for the purpose of (1) paying and reimbursing the City for a portion of the costs associated with the Refuse Facility Project; and (2) paying the costs of issuance of the Series 2016B Bonds.

Security and Sources of Payment for the Series 2016 Bonds

The Series 2016 Bonds will be payable from Rentals, Additional Rentals, and other revenues and receipts to be received by the Corporation pursuant to the Lease Purchase Agreement dated as of June 1, 2016, by and between the Corporation and the City (the ***“Lease”***) pursuant to which the Corporation has leased to the City the herein defined Leased Property, and funds on deposit in the Debt Service Reserve Fund with respect to the Series 2016A Bonds only, and are secured by a pledge and assignment of the Trust Estate to the Trustee in favor of the Bondholders, as provided in the Indenture. **THE CITY IS ONLY OBLIGATED TO MAKE PAYMENTS UNDER THE LEASE FROM ANNUAL APPROPRIATIONS MADE BY THE CITY, AND THE FULL FAITH AND CREDIT OF THE CITY HAS NOT BEEN PLEDGED TO THE PAYMENT OF THE SERIES 2016 BONDS.** The Series 2016 Bonds are further secured by a deed of trust on the Corporation’s leasehold interest in the Leased Property pursuant to the Leasehold Deed of Trust, Security Agreement, and Fixture Filing dated as of June 1, 2016 from the Corporation (the ***“Leasehold Deed of Trust”***) for the benefit of the owners and holders of the Series 2016 Bonds. The Leased Property includes only the Real Property (as defined below) and Personal Property (as defined below) relating to the Refuse Facility Project, and does not include the real and personal property relating to the Municipal Garage Project. **The Series 2016B Bonds are not secured by the Debt Service Reserve Fund.** See **APPENDIX C – “Summary of Certain Provisions of the Legal Documents”** and ***“SECURITY AND SOURCES OF PAYMENT.”***

Continuing Disclosure

The City and U.S. Bank National Association, St. Louis, Missouri, as Dissemination Agent (the “*Dissemination Agent*”), will enter into a Continuing Disclosure Agreement dated as of June 1, 2016 (the “*Continuing Disclosure Agreement*”) substantially in the form attached hereto as **APPENDIX F – “Form of Continuing Disclosure Agreement,”** pursuant to which the City will covenant for the benefit of bondholders and beneficial owners (“*Beneficial Owners*”) of the Series 2016 Bonds to provide audited financial statements of the City and certain statistical and operating data relating to the City and to provide notices of the occurrence of certain enumerated events. Such audited financial statements, statistical and operating data and notices of events will be filed by or on behalf of the City in compliance with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “*Rule*”). See “**CONTINUING DISCLOSURE**” and **APPENDIX F – “Form of Continuing Disclosure Agreement.”**

Definitions and Summaries of Certain Legal Documents; Miscellaneous

This Official Statement contains brief descriptions of, among other things, the Indenture, the Series 2016 Bonds, the Lease, the Leasehold Deed of Trust, the Base Lease dated as of June 1, 2016 between the Corporation and the City (the “*Base Lease*”), the Continuing Disclosure Agreement, and the audited financial statements of the City. 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 2016 Bonds are qualified in their entirety by reference to the form of the Series 2016 Bonds included in the Indenture. Upon the issuance of the Series 2016 Bonds, the Indenture, the Lease, the Leasehold Deed of Trust, the Base Lease, and the Continuing Disclosure Agreement will be available for inspection at the offices of the Trustee, U.S. Bank National Association, Global Corporate Trust Services, One U.S. Bank Plaza, SL-MO-T3CT, St. Louis, Missouri 63101.

A description of the book-entry-only system maintained by DTC is set forth in **APPENDIX D – “Book-Entry System.”** The substantially final text of the opinion to be delivered by Bond Counsel, Spencer Fane LLP, St. Louis, Missouri, is included as **APPENDIX E – “Form of Opinion of Bond Counsel.”**

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 will under any circumstances, create an implication that there has been no change in the affairs of the City or the Corporation since the date hereof. This Official Statement is not to be construed as a contract or agreement between the Corporation, the City or the Underwriters and purchasers or owners of any of the Series 2016 Bonds.

THE CORPORATION

Organization, Powers and Purposes

The Corporation is a nonprofit corporation duly organized and existing pursuant to the Nonprofit Corporation Act. The Corporation was incorporated in September 1991 and its purposes and objectives are to lessen the burden of the government of the City by financing, acquiring, and leasing to the City real property and improvements thereon for use by the City. In furtherance of its purposes and objectives, the Corporation may borrow money, invest, and disburse funds and issue bonds. Neither the Board of Directors of the Corporation, nor any person executing the Series 2016 Bonds is personally liable on such Series 2016 Bonds by reason of the issuance of the Series 2016 Bonds. The Series 2016 Bonds will not constitute a debt, liability or obligation of the City or the State. The Corporation has, by proper corporate

actions of its Board of Directors, been duly authorized to execute and deliver the Base Lease, the Lease, the Leasehold Deed of Trust and the Indenture.

The Corporation has corporate power under the Nonprofit Corporation Act to issue the Series 2016 Bonds, to enter into the Base Lease, the Leasehold Deed of Trust, the Lease and the Indenture and to secure the Series 2016 Bonds under the Indenture. No part of the net earnings, income or property of the Corporation will inure to the benefit of, or be distributed to, its directors, officers or other private persons or entities. The Corporation has no taxing power.

Board of Directors and Officers

The affairs of the Corporation are governed and managed by its Board of Directors. The Board of Directors is comprised of five persons who serve on its board by virtue of their respective positions within the City government as follows:

- 1) The Mayor of the City or designee;
- 2) The Comptroller of the City or designee;
- 3) The President of the Board of Aldermen or designee;
- 4) The City Counselor or designee; and
- 5) The Budget Director of the City or designee.

The above-enumerated persons serve as directors of the Corporation for so long as they hold their respective positions with the City. When a successor has been qualified and assumes such position, such successor will succeed his/her predecessor to the Board of Directors of the Corporation.

The officers of the Corporation include a president, two vice presidents, a secretary and a treasurer who are chosen by vote of a majority of the directors in office. The officers hold office for terms of three years. The Board of Directors may appoint such other officers and agents as it deems necessary, who hold their offices for such terms, exercise such powers and perform such duties as will be determined from time to time by the Board of Directors.

The officers of the Corporation are as follows:

<u>Name</u>	<u>Office</u>
James M. Garavaglia	President
Tom Shepard	Vice President
Todd Waelterman	Vice President
Michael A. Garvin	Secretary
Paul Payne	Treasurer

The principal mailing address of the Corporation is Room 3005, 1520 Market Street, St. Louis, Missouri 63103.

The Corporation neither has nor assumes any responsibility as to the accuracy or completeness of any information contained in this Official Statement which has been furnished by others.

Outstanding Indebtedness

At the time of issuance and delivery of the Series 2016 Bonds, the Corporation will have no other series of bonds or obligations, other than the Series 2016 Bonds, outstanding and secured by the

Indenture, the Leasehold Deed of Trust, and the Lease. See **“THE SERIES 2016 BONDS – Security for the Series 2016 Bonds”** and **“– Additional Bonds.”**

The Corporation has previously sold and delivered numerous series of bonds and notes secured by instruments separate and apart from the Indenture and the Lease. The owners of such bonds and notes have no claims on the assets, funds or revenues of the Corporation securing the Series 2016 Bonds, and the owners of the Series 2016 Bonds will have no claim on the assets, funds or revenues of the Corporation securing such other bonds and notes.

With respect to additional indebtedness of the Corporation, the Corporation may from time to time enter into separate agreements with the City for the purpose of providing financing for eligible projects and programs. Issues that may be sold by the Corporation in the future may be created under the Indenture or under separate and distinct indentures or resolutions and may be secured by instruments, properties and revenues separate from those securing the Series 2016 Bonds.

For more information, see **“PLAN OF FINANCE.”**

THE CITY OF ST. LOUIS, MISSOURI

Certain information relating to the City is set forth in **APPENDIX A – “Information Regarding The City of St. Louis, Missouri.”** The City’s basic audited financial statements for the Fiscal Year (as defined below) ended June 30, 2015, are set forth in **APPENDIX B – “Independent Auditor’s Report and Basic Financial Statements of The City of St. Louis, Missouri for Fiscal Year Ended June 30, 2015.”** A complete copy of the City’s 2015 Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2015 is available for inspection at the offices of the City’s Comptroller located at 1520 Market Street, St. Louis, Missouri 63103 or online at www.stlouis.missouri.org. Payments made by the City under the Lease will be made from funds to the extent appropriated annually by the City from its general fund.

The term **“Fiscal Year”** as used herein is the twelve (12) month period beginning on July 1st and ending on the following June 30th.

PLAN OF FINANCE

The Project

Refuse Facility Project and Municipal Garage Project

A portion of the proceeds of the Series 2016A Bonds will be used for the purpose of (1) paying and reimbursing the City for a portion of the costs associated with the acquisition of certain real property located at 1214-18 Central Industrial Drive in the City, and the improvements located thereon (the **“Real Property”**) and the construction, renovation, improvement, equipping, and furnishing of a refuse and vehicle maintenance facility located on the Real Property (the **“Refuse Facility Project”**); and (2) paying and reimbursing the City for a portion of the costs associated with the repair, construction, renovation, improvement, and equipping of a municipal garage located at 1122 Clark Avenue in the City (the **“Municipal Garage Project”**). A portion of the proceeds of the Series 2016B Bonds will be used for the purpose of paying and reimbursing the City for a portion of the costs associated with the Refuse Facility Project. The City’s acquisition of the Real Property is authorized by Ordinance No. 70280, adopted by the Board of Aldermen of the City. It is anticipated that the closing of such acquisition will occur simultaneously with the delivery of the Series 2016 Bonds.

The Refuse Facility Project will provide for the consolidation of the activities of the City's refuse division, including the domiciling, dispatch, and repair of all refuse vehicles and the repair of the City's Fire Department apparatus and ambulances by the City's Equipment Services Division at a logistically centralized location. The consolidation of the City's refuse division is the City's response to the needs of a major City employer, Proctor & Gamble, to expand its manufacturing plant in North St. Louis to the site which currently houses the City's northern refuse operations. The City has sold its northern refuse site to Proctor & Gamble. In addition, the Refuse Facility Project provides an efficient, convenient and timely site for the relocation of the City's fire apparatus/ambulances repair activities which, pursuant to a mandate of the Federal Transit Authority, will no longer be permitted under the City's metropolitan transit contract.

The Refuse Facility Project will be funded with a portion of the proceeds of the Series 2016A Bonds and the Series 2016B Bonds. The related portion of the Series 2016A Bonds will be issued in an amount proportionate to the percentage of the Refuse Facility Project (including the Real Property) that will be used by the City. The related portion of the Series 2016B Bonds will be issued in an amount proportionate to the percentage of the Refuse Facility Project (including the Real Property) that will be leased from the City by private entities (*i.e.*, Central Illinois Bus Company and Kemlab LLC). The lease payments to be received from these private entities will be used to defray the City's lease rental/debt service obligations on the Series 2016 Bonds.

The Municipal Garage Project will be funded with a portion of the proceeds of the Series 2016A Bonds. The Municipal Garage Project, which is owned by the City and used solely by employees of the City, is located adjacent to City Hall and consists of approximately 352 parking spaces. The repairing, construction, renovation, improvement, and equipping of the Municipal Garage Project are designed to improve the utility of the Municipal Garage Project and will include: removing and replacing the existing asphalt wear surfaces on the roof parking deck; replacing the existing hot-applied waterproofing; repairing deteriorated areas of the existing concrete roof deck; removing and replacing deck drain bodies; flushing drain piping; installing new hot-applied water proofing system and protection board; installing additional concrete wearing surfaces to enhance proper drainage; curing wearing surface and updating parking strips; and repairing interior ramps, beams and columns.

Leased Property

In connection with the issuance of the Series 2016 Bonds, the City and the Corporation have entered into (i) the Base Lease, whereby the City has conveyed to the Corporation a leasehold interest in (a) the Real Property, and (b) all improvements, equipment, furnishings, and other personal property owned by the Corporation and located within or upon the Real Property (the "***Personal Property***," together with the Real Property, is referred to herein as the "***Leased Property***"), and (ii) the Lease, whereby the Corporation has conveyed back to the City a leasehold interest in the Leased Property, together with an option to purchase such leasehold interest of the Corporation. **The Leased Property includes only the Real Property and Personal Property relating to the Refuse Facility Project, and does not include any real or personal property relating to the Municipal Garage Project.**

In the opinion of the City Counselor, the transactions described herein involving the Leased Property are not actions which require voter approval under Article XXVI of the City Charter, since the Leased Property will be leased back to the City under the Lease, which agreement is a financing instrument rather than a true lease falling within the plain meaning of the term "lease" as used in Article XXVI of the City Charter, and the Leased Property will remain under operational control of the City, be open to the public and available for activities of the type which are customarily associated with the Refuse Facility Project.

ESTIMATED SOURCES AND USES OF FUNDS

The following sets forth the estimated sources and uses of the proceeds of the Series 2016A Bonds:

Sources of Funds:

Par Amount of Series 2016A Bonds	\$5,975,000.00
Original Issue Premium	<u>1,246,994.00</u>
Total	\$7,221,994.00

Uses of Funds:

Deposit to Series 2016A Refuse Facility Project Account	\$4,830,000.00
Deposit to Series 2016A Municipal Garage Project Account	1,500,000.00
Deposit to Series 2016A Debt Service Reserve Account	722,199.40
Costs of Issuance*	<u>169,794.60</u>
Total	\$7,221,994.00

The following sets forth the estimated sources and uses of the proceeds of the Series 2016B Bonds:

Sources of Funds:

Par Amount of Series 2016B Bonds	<u>\$5,835,000.00</u>
Total	\$5,835,000.00

Uses of Funds:

Deposit to Series 2016B Refuse Facility Project Account	\$5,670,000.00
Costs of Issuance*	<u>165,000.00</u>
Total	\$5,835,000.00

*Costs of issuance include Underwriters' discount, fees of the Trustee, paying agent, municipal advisors, rating agency, accountants, counsel and printing.

COMBINED DEBT SERVICE REQUIREMENTS

The following table summarizes annual debt service payments to be made on the Series 2016 Bonds:

Fiscal Year	Series 2016A Bonds		Series 2016B Bonds		Total Debt Service
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2017	\$ -0-	\$243,149.31	\$1,125,000	\$91,600.07	\$1,459,749.38
2018	-0-	298,750.00	1,060,000	99,889.90	1,458,639.90
2019	-0-	298,750.00	1,080,000	81,117.30	1,459,867.30
2020	-0-	298,750.00	1,100,000	60,521.70	1,459,271.70
2021	-0-	298,750.00	1,125,000	36,200.70	1,459,950.70
2022	805,000	298,750.00	345,000	9,076.96	1,457,826.96
2023	1,200,000	258,500.00	-0-	-0-	1,458,500.00
2024	1,260,000	198,500.00	-0-	-0-	1,458,500.00
2025	1,320,000	135,500.00	-0-	-0-	1,455,500.00
2026	<u>1,390,000</u>	<u>69,500.00</u>	<u>-0-</u>	<u>-0-</u>	<u>1,459,500.00</u>
Total	\$5,975,000	\$2,398,899.31	\$5,835,000	\$378,406.63	\$14,587,305.94

THE SERIES 2016 BONDS

General

The Series 2016 Bonds are being issued pursuant to the Ordinance, the Resolution, and the Indenture. Reference is hereby made to the Indenture in its entirety for the detailed provisions pertaining to the Series 2016 Bonds.

The Series 2016 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 2016 Bonds are issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof. Interest on the Series 2016 Bonds is payable semiannually on April 15 and October 15 (each, an ***“Interest Payment Date”***) of each year, commencing October 15, 2016. Payment of the principal and redemption premium, if any, will be made by the Trustee upon the presentation and surrender of the Series 2016 Bonds at their respective maturities by check or draft at the principal corporate trust office of the Trustee. Payment of interest on each Series 2016 Bond will be made by the Trustee on each Interest Payment Date to the Registered Owner thereof at the close of business on the Record Date next preceding such Interest Payment Date by check or draft mailed to such Bondholder at his or her address as it appears on the Bond Register. Upon written request delivered to the Trustee at least five days prior to a Record Date by the Holder, as of the Record Date, of at least Five Hundred Thousand Dollars (\$500,000) principal amount of the Series 2016 Bonds, principal of and interest on such Series 2016 Bonds payable subsequent to the Record Date on or after which such notice is received will be made by wire transfer to the account designated by such Holder for such Interest Payment Date.

It is anticipated that CUSIP identification numbers will be printed on the Series 2016 Bonds, but neither the failure to print such numbers on any Series 2016 Bonds, nor any error in the printing of such numbers, will constitute cause for a failure or refusal by the purchaser of the Series 2016 Bonds to accept delivery of and pay for any Series 2016 Bonds.

Security for the Series 2016 Bonds

As security for the payment of the principal of and redemption premium, if any, on the Series 2016 Bonds, the Corporation is pledging to the Trustee under the Indenture, for the equal and proportionate benefit and security of all present and future Holders of the Series 2016 Bonds on a parity with all present and future Holders of any Additional Bonds, all of its right, title, and interest in and to the Base Lease, the Lease (except for certain payments, including the Corporation's rights to payments of costs and expenses and to indemnity) and all Rentals, Additional Rentals, and other revenues and receipts derived by the Corporation under and pursuant to the Lease (except for certain payments, including the Corporation's rights to payments of costs and expenses and to indemnity), real and personal property interests and all moneys and securities from time to time held by the Trustee under the terms of the Indenture (excluding moneys on deposit in the Rebate Fund). **However, moneys on deposit in the Series 2016A Debt Service Reserve Account within the Debt Service Reserve Fund (the "Series 2016A Debt Service Reserve Account") only secures the Series 2016A Bonds. The Indenture does not establish a debt service reserve fund for the Series 2016B Bonds, and funds in the Series 2016A Debt Service Reserve Account are not available to pay the Series 2016B Bonds.** See the information contained under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS."

THE SERIES 2016 BONDS WILL NOT BE A DEBT OF THE CITY OR THE STATE AND NEITHER THE CITY NOR THE STATE WILL BE LIABLE THEREON, AND THE SERIES 2016 BONDS WILL NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY, OR CHARTER DEBT LIMITATION OR RESTRICTION.

RENTALS, ADDITIONAL RENTALS, AND OTHER REVENUES AND RECEIPTS DERIVED BY THE CORPORATION PURSUANT TO THE LEASE ARE SUBJECT TO ANNUAL APPROPRIATION BY THE CITY. IF THE CITY FAILS TO BUDGET AND APPROPRIATE FOR PAYMENT OF RENTALS, ADDITIONAL RENTALS, AND OTHER REVENUES AND RECEIPTS IN ANY FISCAL YEAR, THE LEASE WILL TERMINATE AT THE END OF THE FISCAL YEAR FOR WHICH FUNDS HAVE BEEN APPROPRIATED. See "SECURITY AND SOURCES OF PAYMENT."

Optional Redemption

The Series 2016A Bonds are not subject to optional redemption.

The Series 2016B Bonds may be redeemed, in whole or in part, at the option of the Corporation, at the direction of the City, at any time at a redemption price equal to the greater of (i) 100% of the principal amount of the Series 2016B Bonds of such maturity to be redeemed or (ii) the sum of the present values of the applicable remaining scheduled payments of principal of and interest on the Series 2016B Bonds of such maturity to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2016B Bonds are to be redeemed, discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 15 basis points, plus in each case, accrued and unpaid interest on the Series 2016B Bonds being redeemed to the date fixed for redemption.

"Treasury Rate" means, with respect to any redemption date, with respect to the Series 2016B Bonds of a particular maturity, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue with respect thereto, computed as of the second business day immediately preceding that redemption date, assuming a price for the Comparable Treasury Issue (expressed as a

percentage of its principal amount) equal to the Comparable Treasury Price with respect thereto for that redemption date.

“Comparable Treasury Issue” means, with respect to the Series 2016B Bonds of a particular maturity, the United States Treasury security selected by the Independent Investment Banker which has an actual maturity comparable to the remaining average life of the Series 2016B Bonds of such maturity to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Series 2016B Bonds of such maturity to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date and with respect to the Series 2016B Bonds of a particular maturity, (A) the average of the applicable Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (B) if the Independent Investment Banker for the Series 2016B Bonds obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations.

“Independent Investment Banker” means one of the Reference Treasury Dealers as designated by the Corporation and consented to by the City.

“Reference Treasury Dealer” means each of four firms, as designated by the Corporation and consented to by the City, and their respective successors; provided, however, that if any of them ceases to be a primary U.S. Government securities dealer in the City of New York (a “Primary Treasury Dealer”), the Corporation as consented to by the City will substitute another Primary Treasury Dealer.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any redemption date for the Series 2016B Bonds of a particular maturity, the average, as determined by the Independent Investment Banker and communicated to the Corporation and the City, of the bid and asked prices for the applicable Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker and communicated to the Trustee by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third Business Day preceding that redemption date.

“Business Day” means any day except Saturday, Sunday, a legal holiday, or a day on which banking institutions located in the State are authorized by law to close.

Extraordinary Redemption

The Series 2016 Bonds are subject to extraordinary redemption and payment prior to their respective Stated Maturities by the Corporation, upon the direction of and instructions from the City, on any date, upon the occurrence of any of the following conditions or events, provided all of the Series 2016 Bonds are redeemed and paid according to their terms:

- (a) if title to, or the use of, substantially all of the Leased Property is condemned by any authority having the power of eminent domain;
- (b) if the Corporation’s interest in substantially all of the Leased Property is found to be deficient or nonexistent to the extent that the Leased Property is untenable or the efficient utilization of the Leased Property by the City is impaired;
- (c) if substantially all of the Leased Property is damaged or destroyed by fire or other casualty; or

(d) if as a result of changes in the Constitution of the State, or of legislative or administrative action by the State or any political subdivision thereof, or by the United States, or by reason of any action instituted in any court, the Lease will become void or unenforceable, or impossible of performance without unreasonable delay, or in any other way, by reason of such change of circumstances, unreasonable burdens, or excessive liabilities are imposed on the City or the Corporation.

The Series 2016 Bonds redeemed pursuant to the extraordinary redemption provisions of the Indenture will be redeemed at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the Redemption Date without premium.

Selection of Series 2016 Bonds to be Redeemed

The Series 2016 Bonds will be redeemed in their Authorized Denominations. In the case of a partial redemption of Bonds of the same Series, the Bonds to be redeemed will be selected by the Corporation, upon direction and instructions by the City, from the Outstanding Bonds of that Series by lot or by such other method as the Trustee will deem fair and appropriate and which may provide for the selection for redemption of portions of the principal of Outstanding Bonds of that Series of a denomination larger than Five Thousand Dollars (\$5,000). The portions of the principal of Outstanding Bonds so selected for partial redemption will be equal to Five Thousand Dollars (\$5,000) or integral multiples thereof. Any Series 2016 Bond which is to be redeemed only in part are required to be submitted to the Paying Agent and delivered to the Trustee, who will authenticate and deliver to the Holder of such Series 2016 Bond, without service charge, a new Series 2016 Bond or Series 2016 Bonds, of any Authorized Denomination as requested by such Holder in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Series 2016 Bonds so surrendered. If the Holder of any Bond to be redeemed only in part will fail to present such Series 2016 Bond to the Paying Agent for payment and exchange as aforesaid, such Series 2016 Bond will, nevertheless, become due and payable on the Redemption Date to the extent of the principal amount of a Series 2016 Bond so called for redemption and accrued interest thereon (and to that extent only). If the Series 2016 Bonds are in the form of Global Series 2016 Bond Certificates, the partial redemption of such Series 2016 Bonds will be governed by the agreement between the Corporation, the Trustee and the Depository.

The Trustee will call Series 2016 Bonds for redemption and payment as herein provided upon receipt by the Trustee at least forty-five (45) days (unless a shorter period is satisfactory to the Trustee) prior to the Redemption Date of a Written Request of the Corporation with the written consent of the City. Such request will specify the principal amount and Stated Maturities of Series 2016 Bonds so to be called for redemption, the applicable redemption price or prices and the provision or provisions of this Indenture or any Supplemental Indenture authorizing Additional Bonds pursuant to which such Series 2016 Bonds are to be called for redemption.

Notice and Effect of Call for Redemption

If and when any of the Series 2016 Bonds are called for redemption and payment prior to their Stated Maturity, the Trustee will give written notice of such redemption and payment by first class mail, postage prepaid, mailed not less than 30 days nor more than 60 days prior to the Redemption Date to each Holder of the Series 2016 Bonds to be redeemed, at the address appearing on the Bond Register. All notices of redemption will include the appropriate redemption notice information which (i) identifies the Series 2016 Bonds to be redeemed by the name of the issue (including the name of the issuer and any series designation), CUSIP number, if any, date of issue, interest rate, maturity and any other descriptive information the Trustee deems desirable to accurately identify the Series 2016 Bonds to be redeemed

and, if only a portion of the Series 2016 Bonds will be redeemed, the certificate numbers and the principal amount of the Series 2016 Bonds to be redeemed, (ii) identifies the date on which the notice is published and the Redemption Date, (iii) states the price at which the Series 2016 Bonds will be redeemed, (iv) states that interest on the Series 2016 Bonds or the portions of the Series 2016 Bonds called for redemption will stop accruing from the Redemption Date if funds sufficient for their redemption and available for that purpose are on deposit with the Trustee on the Redemption Date, (v) states that payment for the Series 2016 Bonds will be made on the Redemption Date at the principal corporate trust office of the Trustee, or such other office as the Trustee will designate, during normal business hours upon the surrender of the Series 2016 Bonds to be redeemed in whole or in part, (vi) identifies by name and telephone number a representative of the Trustee who may be contacted for additional information, and (vii) states whether or not such notice is revocable. Such notice shall either (a) explicitly state that the proposed redemption is conditioned on there being on deposit in the appropriate account or accounts of the Debt Service Fund or an escrow fund on the Redemption Date sufficient money to pay the full price at which the Bonds will be redeemed, or (b) be sent only if sufficient money to pay the full price at which the Bonds will be redeemed is on deposit in the Debt Service Fund or an escrow fund. The failure of the Holder of any Series 2016 Bond to be so redeemed to receive written notice mailed as herein described will not affect or invalidate the redemption of such Series 2016 Bond.

Prior to any date fixed for redemption pursuant to the Indenture and prior to the giving of notice of redemption of any Series 2016 Bonds pursuant to the Indenture (unless such notice states that the foregoing described deposits will be made only to the extent there are funds available therefor), there will be deposited with the Trustee funds sufficient or Defeasance Obligations, maturing as to principal and interest at such times and in such amounts as to provide funds sufficient, to pay the principal of the Series 2016 Bonds to be called for redemption and accrued interest thereon on the Redemption Date and the redemption premium, if any; provided, however, the requirements for such deposit need not be met to the extent such redemption is to be made with the proceeds of Additional Bonds to be issued to refund all or a part of the Series 2016 Bonds to be redeemed. Any redemption pursuant to the Indenture will be made only from and/or to the extent of the funds or Defeasance Obligations so deposited with the Trustee. Upon the happening of the above conditions, and notice having been given as provided in the Indenture, the Series 2016 Bonds or the portions of the principal amount of the Series 2016 Bonds thus called for redemption will cease to bear interest on their Redemption Date, provided funds or Defeasance Obligations sufficient for the payment of principal of, and redemption premium, if any and accrued interest on such Series 2016 Bonds are on deposit at the place of payment at that time, and will no longer be entitled to the protection, benefit or security of the Indenture and will not be deemed to be Outstanding under the Indenture.

Registration, Transfer, and Exchange of Bonds

Pursuant to the Indenture, the Trustee has been appointed Bond Registrar for the purpose of registering, transferring, and exchanging the Series 2016 Bonds and as such will keep the Bond Register as provided in the Indenture. All of the Series 2016 Bonds and all transfers and all exchanges thereof will be fully registered as to principal and interest in the Bond Register.

Subject to any restrictions relating to Global Bond Certificates for Series 2016 Bonds issued in book-entry only form, the Series 2016 Bonds may be transferred in the Bond Register only upon surrender thereof to the Trustee duly endorsed for transfer or accompanied by a written instrument of transfer duly executed by the Registered Owner thereof or his/her attorney or legal representative in such form as will be satisfactory to the Trustee. Upon any such transfer, the Corporation will execute and the Trustee will authenticate and deliver in exchange for such Series 2016 Bonds, a new Series 2016 Bond, registered in the name of the transferee, of any denomination or denominations authorized by the

Indenture in an aggregate principal amount equal to the principal amount of such Series 2016 Bonds, of the same Series and Stated Maturity, and bearing interest at the same rate.

The Series 2016 Bonds, upon surrender thereof at the principal payment office of the Trustee, together with a written instrument of transfer duly executed by the Registered Owner thereof or his/her attorney or legal representative in such form as is satisfactory to the Trustee, may, at the option of the Registered Owner thereof, be exchanged for an equal aggregate principal amount of Series 2016 Bonds of the same Series and Stated Maturity, of any denomination or denominations authorized by the Indenture, and bearing interest at the same rate.

In all cases in which Series 2016 Bonds will be exchanged or transferred as provided in the Indenture, the Corporation will execute and the Trustee will authenticate and deliver at the earliest practicable time Series 2016 Bonds in accordance with the Indenture. No service charge will be made to any Bondholder for registration, transfer or exchange of Series 2016 Bonds, but the Corporation or the Trustee may make a charge for every such exchange or transfer of Series 2016 Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer, and such charge will be paid before any such transfer or exchange will be completed. In the event any Registered Owner fails to provide a certified taxpayer identification number to the Trustee, the Trustee may impose a charge against such Registered Owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Code, such amount may be deducted by the Trustee from amounts otherwise payable to such Registered Owner under the Indenture or under the Bonds.

Neither the Corporation nor the Trustee will be required (i) to issue, transfer, or exchange any Series 2016 Bonds during a period beginning at the opening of business 15 days preceding the date of mailing a notice of redemption for Series 2016 Bonds selected for redemption under the Indenture ending at the close of business on the day of such mailing or (ii) to transfer or exchange any Series 2016 Bonds so selected for redemption in whole or in part.

Book-Entry-Only System

The Depository Trust Company ("**DTC**"), New York, New York, will act as securities depository for the Series 2016 Bonds. The Series 2016 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of the Series 2016 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 D - "Book-Entry System."**

*In reading this Official Statement, it should be understood that, while the Series 2016 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 (as defined in **APPENDIX D - "Book-Entry System"**) acquires an interest in the Series 2016 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 D - "Book-Entry System,"** notices that are to be given to registered owners under the Indenture will be given only to DTC.*

Additional Bonds

So long as no Event of Default has occurred and is continuing or any other event which, with the passage of time or otherwise, would become an Event of Default under the Indenture or the Lease (unless such Additional Bonds are Refunding Bonds or are being issued to cure such event), Additional Bonds may be issued under and equally and ratably secured by the Indenture on a parity with the Series 2016 Bonds and any other Outstanding Bonds at any time and from time to time upon compliance with the conditions provided in the Indenture, for the following purposes:

- (1) to pay all or any part of the cost of the acquisition, purchase, construction, installation, or equipping of additions to or expansions of or remodeling or modification or rehabilitation of the Leased Property or the Municipal Garage Project, such cost to be evidenced by a certificate signed by a City Representative and a Corporation Representative;
- (2) to provide funds for refunding all or any part of the Bonds then Outstanding of any Series, including the payment of any redemption premium thereon and interest to accrue to the designated Redemption Date and any expenses in connection with such refunding; or
- (3) for any other purpose permitted by the Nonprofit Corporation Act.

SECURITY AND SOURCES OF PAYMENT

General

As security for the payment of the principal of, premium, if any, and interest on the Series 2016 Bonds, the Corporation is pledging to the Trustee under the Indenture, for the equal and proportionate benefit and security of all present and future owners of the Series 2016 Bonds and any Additional Bonds, all of its right, title, and interest in and to the Lease (except the Corporation's rights to indemnity under the Lease) and all Rentals, Additional Rentals, and other revenues and receipts derived by the Corporation under and pursuant to the provisions of the Lease (except for the rights of the Corporation to receive moneys for its own accounts under the Lease), and all moneys and securities from time to time held by the Trustee under the terms of the Indenture, including moneys on deposit in the Debt Service Reserve Fund with respect to the Series 2016A Bonds (but excluding any moneys required to be held by the Trustee in the Rebate Fund). **The Series 2016B Bonds are not secured by the Debt Service Reserve Fund.**

THE CITY IS ONLY OBLIGATED TO MAKE PAYMENTS UNDER THE LEASE FROM ANNUAL APPROPRIATIONS MADE BY THE CITY, AND THE FULL FAITH AND CREDIT OF THE CITY HAS NOT BEEN PLEDGED TO THE PAYMENT OF THE SERIES 2016 BONDS.

Pursuant to the Base Lease, the City has leased to the Corporation the Leased Property. Pursuant to the Lease, the Corporation has leased back to the City the Leased Property. The Leased Property only includes the Real Property and the Personal Property relating to the Refuse Facility Project, and does not include the real and personal property relating to the Municipal Garage Project. See **"PLAN OF FINANCE."**

The Series 2016 Bonds and the interest thereon are special obligations of the Corporation payable solely out of Rentals, Additional Rentals, and other revenues and receipts derived by the Corporation pursuant to the Lease and are secured by a pledge and assignment of the Trust Estate pursuant to the

Indenture. See APPENDIX C - "Summaries of Certain Provisions of the Legal Documents."

THE SERIES 2016 BONDS ARE ISSUED BY AND REPRESENT SPECIAL OBLIGATIONS OF THE CORPORATION. THE SERIES 2016 BONDS, REDEMPTION PREMIUM, IF ANY, AND INTEREST THEREON WILL NOT BE A DEBT OR LIABILITY OF THE CORPORATION, THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NONE OF THE CORPORATION, THE CITY OR THE STATE WILL BE LIABLE THEREON, EXCEPT FROM PAYMENTS, REVENUES, AND RECEIPTS FROM THE LEASE. NO INCORPORATOR, MEMBER, AGENT, EMPLOYEE, DIRECTOR, OFFICIAL OR OFFICER OF THE CORPORATION OR THE CITY WILL AT ANY TIME OR UNDER ANY CIRCUMSTANCES BE INDIVIDUALLY OR PERSONALLY LIABLE UNDER THE INDENTURE OR THE LEASE FOR ANYTHING DONE OR OMITTED TO BE DONE BY THE CITY OR THE CORPORATION THEREUNDER.

The Lease

The City owns the Leased Property. The City leases the Leased Property to the Corporation pursuant to the Base Lease. Under the Lease the Corporation leases the Leased Property back to the City. **The Leased Property includes only the Real Property and the Personal Property relating to the Refuse Facility Project, and does not include any real or personal property relating to the Municipal Garage Project.**

The Lease, subject to earlier termination pursuant to its provisions, has an original term that commences as of the date of delivery of the Series 2016 Bonds, and will terminate as described below under the subheading **"Term of the Lease."** The Corporation's right, title, and interest in the Lease (except for certain other rights of the Corporation to receive payment and rights to indemnification provided in the Lease) and in the Leased Property has been assigned to the Trustee as security for payment of the principal of, premium, if any, and interest on the Series 2016 Bonds.

Pursuant to the Lease, the City has agreed, subject to annual appropriation, to make payments sufficient for the prompt payment when due of the principal of, premium, if any, and interest on, the Series 2016 Bonds, which payments are to be made by the City directly to the Trustee for the account of the Corporation, and all Rentals, Additional Rentals, and certain other revenues and receipts under the Lease (except as reserved therein) have been duly pledged and assigned to the Trustee for that purpose. The City's obligation to make such payments is absolute and unconditional, free of deductions and without abatement, offset, recoupment, diminution or setoff, but are subject to appropriation. Such payments must be sufficient to fund debt service on the Series 2016 Bonds, fund any deficiency in the Debt Service Reserve Fund and to pay all other amounts required under the Indenture. Additionally and subject to annual appropriation by the Board of Aldermen, the City has agreed in the Lease to pay, as Additional Rentals, upon demand therefor, such further sums of money as may be required from time to time to as provided in the Lease.

LEASE PAYMENTS PURSUANT TO THE LEASE ARE SUBJECT TO ANNUAL APPROPRIATION OF RENTALS, ADDITIONAL RENTALS, AND OTHER REVENUES AND RECEIPTS BY THE CITY. IF THE CITY FAILS TO BUDGET AND APPROPRIATE FUNDS FOR RENTALS, ADDITIONAL RENTALS, AND OTHER REVENUES AND RECEIPTS IN ANY FISCAL YEAR, THE LEASE WILL TERMINATE AT THE END OF THE FISCAL YEAR FOR WHICH FUNDS HAVE BEEN APPROPRIATED, AND THE CITY WILL BE REQUIRED TO VACATE THE PREMISES. THE CORPORATION HAS NO TAXING POWER.

Nothing in the Lease will be construed as requiring the Board of Aldermen to appropriate any money to pay any Rentals, Additional Rentals, or other revenues and receipts. If the City fails to pay any Rentals, Additional Rentals or other revenues and receipts which are due, however, the City is required, upon the request of the Trustee or the Corporation, to immediately quit and vacate the Leased Property. If the City fails to pay any required Rentals, Additional Rentals, and other revenues and receipts, the Trustee or the Corporation may bring legal action to evict the City from the Leased Property.

The Rentals, Additional Rentals, and other revenues and receipts constitute current expenses of the City and do not constitute mandatory payment obligations of the City in any ensuing Fiscal Year beyond the Fiscal Year for which such payments have been appropriated. No provision of the Lease will be construed or interpreted as creating a general obligation or other indebtedness of the City within the meaning of any constitutional or statutory debt limitation.

The City covenants and agrees in the Lease that the City's Budget Director, or any other officer at any time charged with responsibility of formulating budget proposals, is directed to include in the budget proposals submitted to the Board of Estimate and Apportionment, and to the extent permitted by law, to the Board of Aldermen, in any year during the term of the Lease, a request or requests for the Rentals and reasonable estimate of Additional Rentals. Requests for appropriations will be made in each Fiscal Year so that the Rentals and a reasonable estimate of Additional Rentals to be paid during the succeeding Fiscal Year will be available for such purposes. It is the intention of the City that the decision to appropriate the Rentals and Additional Rentals to provide financing for the Leased Property pursuant to the Lease will be made solely by the Board of Aldermen and not by any other official of the City, except subject to the power of the Mayor of the City to approve or disapprove ordinances. The City presently expects, in each Fiscal Year of the City during the term of the Lease, to appropriate funds in an amount sufficient to pay the Rentals and reasonably estimated Additional Rentals. Historically, it has been the City's practice to appropriate funds for debt service on its outstanding obligations prior to making appropriations for other purposes.

Term of the Lease

The term of the Lease will commence as of the date of delivery of the Series 2016 Bonds, and will terminate on the earliest of the occurrence of any of the following events: (i) the last day of the then current Fiscal Year of the City during which there occurs an Event of Non-Appropriation with respect to the City; (ii) the date upon which there occurs an Event of Default by the City under the Lease if the Corporation or the Trustee elects such remedy pursuant to the Lease; (iii) the date upon which all Rentals and Additional Rentals, as the case may be, required under the Lease will be paid by the City; or (iv) discharge of the Indenture as provided in the Indenture.

The Lease provides that the City will give notice to the Corporation and the Trustee as early as practicable in each Fiscal Year and in any case no later than three (3) Business Days following the date on which the budget for the next succeeding Fiscal Year is finally approved by the Board of Aldermen of the City of either (i) the termination of the Lease or (ii) the budgeting and appropriation of sufficient funds to make all payments of Rentals and estimated Additional Rentals for such Fiscal Year. Notice that sufficient funds have been appropriated for the next succeeding Fiscal Year will be accompanied by evidence satisfactory to the Corporation that sufficient funds have been budgeted and appropriated to make all payments of Rentals for the Fiscal Year to which such notice pertains and to make such payments of Additional Rentals as will be required during such Fiscal Year by the terms of the Lease. See **"FINANCIAL MANAGEMENT AND EXPENDITURE CONTROLS – Budget Process"** in **APPENDIX A - "Information Regarding The City of St. Louis, Missouri"** for more information.

The Leasehold Deed of Trust

The Series 2016 Bonds are further secured by a deed of trust on the Corporation's leasehold interest in the Leased Property pursuant to the Leasehold Deed of Trust for the benefit of the owners and holders of the Series 2016 Bonds. **The Leased Property includes only the Real Property and the Personal Property relating to the Refuse Facility Project, and does not include any real or personal property relating to the Municipal Garage Project.**

Funds Created by the Indenture

General

To secure the Series 2016 Bonds, the Indenture establishes a Debt Service Fund (the ***"Debt Service Fund"***). In addition, to secure the Series 2016A Bonds, the Indenture establishes a Debt Service Reserve Fund (the ***"Debt Service Reserve Fund"***). **The Indenture does not establish a debt service reserve fund for the Series 2016B Bonds, and funds in the Debt Service Reserve Fund are not available to pay the Series 2016B Bonds.** Each fund is described below. Pursuant to the Indenture, payments by the City pursuant to the Lease are required to be applied to these various funds as described below. For more information, see **APPENDIX C - "Summary of Certain Provisions of the Legal Documents."**

Debt Service Fund

Under the Indenture and as required by the Lease, the Trustee is required to deposit into the Debt Service Fund: (i) the amounts to be deposited in the Debt Service Fund as Rentals and Additional Rentals under the Lease corresponding to the payments of principal of, redemption premium, if any, and interest on the Series 2016 Bonds; (ii) all interest and other income derived from investment of Debt Service Fund moneys as provided in the Indenture; and (iii) all other moneys received by the Trustee under and pursuant to any of the provisions of the Indenture when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Debt Service Fund.

Except as provided in the Indenture, moneys in the Debt Service Fund are required to be expended solely for the payment of the principal of, and redemption premium, if any, and interest on the Series 2016 Bonds as the same mature and become due or upon the redemption thereof prior to maturity.

The Corporation has authorized and directed the Trustee to withdraw (to the extent available and not inconsistent with any other written directions of payment received from the Corporation) sufficient funds from the Debt Service Fund to pay the principal of, and redemption premium, if any, and interest on the Series 2016 Bonds as the same become due and payable and to make such funds so withdrawn available to the Trustee and any Paying Agent for the purpose of paying such principal, redemption premium, if any, and interest.

Whenever the amount in the Debt Service Fund from any source whatsoever is sufficient to redeem all of the Bonds Outstanding and pay interest to accrue thereon prior to such redemption, the Corporation, upon request of the City, will take and cause to be taken the necessary steps to redeem all such Bonds on the next succeeding Redemption Date for which the required redemption notice may be given or on such later Redemption Date as may be specified by the City. Any moneys in the Debt Service Fund may be used to redeem a portion of the Bonds Outstanding so long as the City is not in default with respect to any payments under the Lease and to the extent such moneys exceed the amount required (i) for payment of Bonds theretofore matured or called for redemption, and (ii) for payment of any past due interest remaining unpaid.

For more information, see **APPENDIX C - "Summary of Certain Provisions of the Legal Documents."**

Debt Service Reserve Fund

Except as provided in the Indenture, funds on deposit in the Debt Service Reserve Fund will be used and applied by the Trustee solely to prevent a default in the event that moneys on deposit in the Debt Service Fund are insufficient to pay the principal of and interest on the Series 2016A Bonds as the same become due. The Trustee may disburse and expend moneys from the Debt Service Reserve Fund whether or not the amount therein equals the Debt Service Reserve Fund Requirement. Moneys on deposit in the Debt Service Reserve Fund may be used to pay the Series 2016A Bonds called for redemption or to purchase such Series 2016A Bonds in the open market, prior to their Stated Maturity, provided all Series 2016A Bonds at the time Outstanding are called for redemption or purchased and sufficient funds are available therefor. Moneys on deposit in the Debt Service Reserve Fund will be used to pay and retire the Series 2016A Bonds last becoming due, unless such Series 2016A Bonds and all interest thereon are otherwise paid. On a quarterly basis, the Trustee is required to calculate the market value of investments, exclusive of accrued interest, purchased with funds of, and on deposit in, the Debt Service Reserve Fund. The City is required to make up any deficiency as Additional Rentals no later than the next valuation date.

The Indenture does not establish a debt service reserve fund for the Series 2016B Bonds, and funds in the Debt Service Reserve Fund are not available to pay the Series 2016B Bonds.

So long as the sum on deposit in the Debt Service Reserve Fund aggregates an amount equal to the Debt Service Reserve Fund Requirement on each valuation date, no further deposits to the Debt Service Reserve Fund will be required.

As used herein, the ***"Debt Service Reserve Fund Requirement"*** means, with respect to the Series 2016A Bonds only, the least of (i) the maximum annual debt service on the Series 2016A Bonds Outstanding on the Closing Date, (ii) 10% of the original proceeds of the Series 2016A Bonds, or (iii) 125% of the average annual debt service requirements on the Series 2016A Bonds at the time of the issuance of the Series 2016A Bonds. With respect to any Additional Bonds, the amount, if any, as may be described in the Supplemental Indenture authorizing the issuance of such Additional Bonds.

The Debt Service Reserve Fund Requirement with respect to the Series 2016A Bonds only may be satisfied by any of the following in lieu of or as partial substitution for cash: a debt service reserve insurance policy, letter of credit, line of credit guaranty or surety bond or any similar credit or liquidity facility, or any combination thereof which facility will be a Permitted Investment. In the case of the utilization of any cash substitute as described in this paragraph, any moneys remaining in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement will be transferred to the Debt Service Fund to be used to pay the Series 2016A Bonds.

For more information, see **APPENDIX C - "Summary of Certain Provisions of the Legal Documents."**

Appropriation

The payment of Rentals, Additional Rentals, and other revenues and receipts payable by the City under the Lease are expected to be made from the City's general fund. All amounts required for such payments are subject to annual appropriation. The City has various sources of revenue that are accounted for in the City's general fund, including an earnings tax, *ad valorem* property taxes, sales and use taxes, gross receipts taxes, license fees, real property taxes, and other revenue sources. The City's earnings tax,

which is a significant source of the City's revenues, is subject to voter referendum every five years, with the next voter approval to occur in 2021. See **"BONDHOLDERS' RISKS – Earnings Tax"** herein and **APPENDIX A - "Information Regarding The City of St. Louis, Missouri"** under the caption **"GENERAL REVENUE RECEIPTS – Earnings Tax."** See also **APPENDIX A - "Information Regarding The City of St. Louis, Missouri"** and **APPENDIX B – "Independent Auditor's Report and Basic Financial Statements of The City of St. Louis, Missouri for Fiscal Year Ended June 30, 2015"** for more information about the City's general revenue receipts.

THE CITY IS NOT AND MAY NOT BE LEGALLY OBLIGATED TO APPROPRIATE FUNDS TO PAY RENTALS OR ADDITIONAL RENTALS UNDER THE LEASE. The revenues of the City may be expended only by appropriations by the City's Board of Aldermen. It is anticipated that the Board of Aldermen will appropriate in each Fiscal Year, from such revenues sources and other funds legally available for such purpose, the amounts required to pay all Rentals and Additional Rentals required by the Lease. The City covenants and agrees in the Lease that the City's Budget Director, or any other officer at any time charged with responsibility of formulating budget proposals, is directed to include in the budget proposals submitted to the Board of Estimate and Apportionment, and to the extent permitted by law, to the Board of Aldermen, in any year during the term of the Lease, a request or requests for the Rentals and reasonable estimate of Additional Rentals in each Fiscal Year in which the Bonds are outstanding. See **APPENDIX A - "Budget Process."**

Although subject to annual appropriation, the City's obligation to pay Rentals and Additional Rentals is absolute and unconditional, not subject to notice or demand, without any abatement, deduction, set-off, counterclaim, recoupment or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether existing or arising, and must be sufficient to fund debt service on the Series 2016 Bonds, replenish the Series 2016A Debt Service Reserve Account of the Debt Service Reserve Fund, if required, and to pay all other amounts required under the Lease and the Indenture.

Event of Non-Appropriation

If the Board of Aldermen of the City does not budget and appropriate, on or before June 30 (or such future date the City may adopt as the end of its Fiscal Year) of each year, specifically with respect to the Lease, funds in the minimum amount equal to the Rentals and a reasonable estimate of Additional Rentals due during the next Fiscal Year, an Event of Non-Appropriation will be deemed to have occurred.

IF AN EVENT OF NON-APPROPRIATION OCCURS, THE CITY WILL NOT BE OBLIGATED TO MAKE PAYMENT OF THE RENTALS OR ADDITIONAL RENTALS PROVIDED FOR IN THE LEASE THAT ACCRUE BEYOND THE LAST DAY OF THE FISCAL YEAR DURING WHICH SUCH EVENT OF NON-APPROPRIATION OCCURRED, EXCEPT FOR THE CITY'S OBLIGATION TO MAKE PAYMENTS WHICH ARE PAYABLE PRIOR TO THE TERMINATION OF THE LEASE; PROVIDED, HOWEVER, THAT THE CITY WILL CONTINUE TO BE LIABLE FOR THE AMOUNTS PAYABLE DURING SUCH TIME THAT THE CITY CONTINUES TO OCCUPY THE LEASED PROPERTY. THE TRUSTEE WILL, UPON THE OCCURRENCE OF AN EVENT OF NON-APPROPRIATION, HAVE ALL RIGHTS AND REMEDIES GRANTED TO IT UNDER THE INDENTURE AND AS A SECURED CREDITOR UNDER THE LAWS OF THE STATE, AS TRUSTEE FOR THE BENEFIT OF HOLDERS OF THE BONDS, AND WILL BE FURTHER ENTITLED TO ALL MONIES THEN ON HAND IN ALL FUNDS AND ACCOUNTS CREATED UNDER THE INDENTURE. ALL PROPERTY, FUNDS AND RIGHTS ACQUIRED BY THE TRUSTEE UPON THE TERMINATION OF THE LEASE AS TO THE CITY'S POSSESSORY INTEREST THEREUNDER BY REASON OF AN EVENT OF NON-APPROPRIATION AS PROVIDED PURSUANT TO THE TERMS OF THE LEASE WILL BE HELD BY THE TRUSTEE UNDER

THE INDENTURE FOR THE BENEFIT OF THE HOLDERS OF THE BONDS AS SET FORTH IN THE INDENTURE UNTIL THE BONDS ARE PAID IN FULL.

BONDHOLDERS' RISKS

General

The Series 2016 Bonds may not be suitable for all investors. Prospective purchasers of the Series 2016 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.

The Series 2016 Bonds are special obligations of the Corporation, payable solely out of the Rentals, Additional Rentals, and other revenues and receipts received pursuant to the Lease. The Corporation has no taxing power. The Series 2016 Bonds do not constitute an indebtedness within the meaning of any constitutional, statutory, or charter debt limitation or restriction, and neither the City nor the State is liable thereon.

Lease Payments of City Not a General Obligation; Lease Does Not Cover Entire Project

The City is not obligated to pay Rentals, Additional Rentals, or other revenues and receipts beyond the current Fiscal Year of the City, ending June 30, 2016. Neither the Rentals, Additional Rentals, nor other revenues and receipts under the Lease nor any payments on the Series 2016 Bonds constitute a general obligation or other indebtedness of the City or a mandatory payment obligation of the City in any Fiscal Year beyond the Fiscal Year for which an appropriation thereof has been made.

The obligations of the City under the Lease are limited to those funds of the City which are specifically budgeted and appropriated annually by the Board of Aldermen of the City for such purpose. The failure to renew the Lease would mean the loss of occupancy of the Leased Property by the City for the remainder of the term of the Lease.

The Leased Property includes only the Real Property and Personal Property relating to the Refuse Facility Project, and does not include any real or personal property relating to the Municipal Garage Project. As a result, the real and personal property relating to the Municipal Garage Project, including the property financed by a portion of the proceeds of the Series 2016A Bonds, are not subject to the lien of the Base Lease, the Lease, or the Leasehold Deed of Trust.

Event of Non-Appropriation

The City's obligations under the Lease may be terminated on an annual basis by the City without any penalty, and there is no assurance that the City will renew the Lease. Accordingly, whether the City will renew the Lease throughout the term of the Series 2016 Bonds is dependent upon certain factors which may be beyond the control of the Bondholders, including (i) the continuing need of the City for the Leased Property; (ii) future changes in economic conditions; (iii) the demographic conditions within the City; and (iv) the ability of the City to generate sufficient funds to pay its obligations under the Lease and the other obligations of the City and to appropriate such funds for use in meeting its obligations under the Lease and the other obligations of the City. See **"SECURITY AND SOURCES OF PAYMENT – Event of Non-Appropriation."**

No Restrictions on Use of Facility After Default Under Lease

If an Event of Default occurs for any reason under the Lease or if the City terminates the Lease

and fails to purchase the Corporation's interest in the Leased Property, the Corporation or the Trustee has the right to possession of the Leased Property for the remainder of the term of the Base Lease and may sublease the property or sell its interest in the Base Lease or the Leased Property upon whatever terms and conditions it deems prudent. If the Corporation or the Trustee assigns or sells its interest in the Leased Property under these circumstances, no assurances can be given that interest on the Series 2016A Bonds would continue to be exempt from federal or State income taxation. See "TAX MATTERS."

Realization of the Full Value of the Leased Property

If an Event of Non-Appropriation occurs, the Corporation or the Trustee is required to give notice to the City to vacate the Leased Property immediately (but in no event earlier than the expiration of the then current Fiscal Year for which the City has paid or appropriated monies sufficient to pay all Rentals and Additional Rentals due for such Fiscal Year) and will, without any further demand or notice, (i) terminate the Lease, re-enter the Leased Property, eject all parties in possession thereof therefrom, and sublease the Leased Property or (ii) take any action at law or in equity deemed necessary or desirable to enforce its rights with respect to the Leased Property. Because the interest of the Corporation and the Trustee in the Leased Property is limited, an outright sublease may not be possible.

Any moneys derived from any such sublease of the Leased Property, along with other moneys then held by the Trustee under provisions of the Indenture (with certain exceptions as provided in the Lease and the Indenture) are required to be used to redeem Series 2016 Bonds, to the extent moneys are available. No assurance can be given that any such moneys would be adequate to redeem the Series 2016 Bonds and/or that such monies would be received within a time period to prevent a default in the timely payment of amounts payable with respect to the Series 2016 Bonds.

Potential Environmental Risks

There are potential risks relating to environmental liability associated with the ownership of, leasing, or secured lending with respect to, any real property. If hazardous substances are found to be located on real property, the owners or secured lenders of such property may be held liable for costs and other liabilities relating to such hazardous substances on a strict liability basis. In the event of foreclosure, repossession, sublease, purchase, or participation in the management of the Leased Property by the Trustee or the Bondholders, the Trustee and/or the Bondholders may be held liable for costs and other liabilities relating to hazardous substances, if any, on the Leased Property on a strict liability basis and such costs might exceed the value of such property.

Certain Matters Relating to Enforceability

Remedies provided for in the Indenture, the Leasehold Deed of Trust, the Lease and the Base Lease may be unenforceable as a result of the application of principles of equity or of state or federal laws relating to bankruptcy, other forms of debtor relief, and creditors' rights generally. Furthermore, it is not certain whether a court would permit the exercise of the remedies of repossession and sale or leasing with respect thereto. The enforcement of any remedies provided in the Indenture, the Leasehold Deed of Trust, the Lease and the Base Lease could prove both expensive and time consuming.

Moreover, the remedies available upon a default under the Indenture, the Leasehold Deed of Trust, the Lease or the Base Lease will, in many respects, be dependent upon judicial actions, which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including the United States Bankruptcy Code, as amended, and State laws concerning the use of assets of certain organizations, the remedies specified in the Indenture, the Leasehold Deed of Trust, the Lease, and the Base Lease may not be readily available or may be limited. The various legal opinions

to be delivered in connection with the issuance of the Series 2016 Bonds will be expressly subject to the qualification that the enforceability of the Indenture, the Leasehold Deed of Trust, the Lease, the Base Lease and other legal documents is limited by bankruptcy, reorganization, insolvency, moratorium, and other similar laws affecting the rights of creditors and by the exercise of judicial discretion in appropriate cases.

Extraordinary Redemption

The Bonds are subject to extraordinary redemption and payment prior to their respective Stated Maturities by the Corporation, upon the direction of and instructions from the City, on any date, upon the occurrence of any of the following conditions or events, provided all of the Bonds are redeemed and paid according to their terms: (a) if title to, or the use of, substantially all of the Leased Property is condemned by any authority having the power of eminent domain; (b) if the Corporation's interest in substantially all of the Leased Property is found to be deficient or nonexistent to the extent that the Leased Property is untenable or the efficient utilization of the Leased Property by the City is impaired; (c) if substantially all of the Leased Property is damaged or destroyed by fire or other casualty; or (d) if as a result of changes in the Constitution of the State, or of legislative or administrative action by the State or any political subdivision thereof, or by the United States, or by reason of any action instituted in any court, the Lease becomes void or unenforceable, or impossible of performance without unreasonable delay, or in any other way, by reason of such change of circumstances, unreasonable burdens, or excessive liabilities are imposed on the City or the Corporation. See **"THE SERIES 2016 BONDS – Extraordinary Redemption."**

Earnings Tax

In November 2010, a citizens group collected sufficient signatures for a State-wide ballot initiative to repeal any earnings tax levied in Missouri and require voter approval of such earnings tax every five years, with the phasing out of such tax over ten years should it ever fail to win voter approval. In the last vote, held on April 5, 2016, the citizens of the City voted to retain the City's earnings tax for an additional five years by a margin of approximately 3 to 1. The City is required to hold the next vote in April 2021 and every five years thereafter. It cannot be predicted whether the City's voters will vote to retain the earnings tax in any future five-year vote or if any future legislation will affect the City's ability to collect the earnings tax.

The City's earnings tax is the most significant single source of general revenue fund revenues, representing approximately 33% of the total for Fiscal Year 2015. Any future phase-out of the City's earnings tax could have a material adverse effect on the City's revenues. For more information see **"GENERAL REVENUE RECEIPTS – Earnings Tax"** set forth in **APPENDIX A – "Information Concerning The City of St. Louis, Missouri."**

FINANCIAL STATEMENTS

The City's basic audited financial statements for the Fiscal Year ended June 30, 2015, are set forth in **APPENDIX B – "Independent Auditor's Report and Basic Financial Statements of The City of St. Louis, Missouri for Fiscal Year Ended June 30, 2015."** KPMG LLP, the City's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included in **APPENDIX B – "Independent Auditor's Report and Basic Financial Statements of The City of St. Louis, Missouri for Fiscal Year Ended June 30, 2015,"** any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this Official Statement.

A complete copy of the City's 2015 Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2015 is available for inspection at the City's Comptroller's offices located at 1520 Market Street, St. Louis, Missouri 63103 or online at www.stlouis.missouri.org.

RATING

Standard & Poor's Financial Services LLC ("**S&P**"), a subsidiary of The McGraw-Hill Companies, Inc., has assigned a rating of "A" to the Series 2016 Bonds.

This rating should be evaluated independently. No application has been made to any other rating agency in order to obtain additional ratings on the Series 2016 Bonds. Such rating reflects only the view of S&P and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Standard & Poor's Financial Services LLC, 25 Broadway, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance such rating will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2016 Bonds.

LITIGATION

Except as may be disclosed in this Official Statement, there is no litigation pending or, to the knowledge of the Corporation, threatened, in any manner challenging or threatening the powers of the Corporation, seeking to restrain or enjoin or in any way limit the approval or the issuance, execution, and/or delivery of the Series 2016 Bonds, or questioning or affecting the validity of the Series 2016 Bonds or the proceedings and authority under which they are to be issued or the preparation, execution, and delivery of this Official Statement.

Except as may be disclosed in this Official Statement, there is no litigation pending or, to the knowledge of the City, threatened, in any manner seeking to restrain or enjoin or in any way limit the approval or the issuance, execution, and/or delivery of the Series 2016 Bonds, or questioning or affecting the validity of the Series 2016 Bonds or the proceedings and authority under which they are to be issued or the preparation, execution, and delivery of this Official Statement. Except as may be disclosed in this Official Statement, there is no litigation, proceeding, or investigation pending or, to the knowledge of the City, threatened against the City or its officers or property, except litigation, proceedings, or investigations being defended by or on behalf of the City in which the probable ultimate recoveries and the ultimate costs and expenses of defense, in the opinion of the City Counselor, will not have a material adverse effect on the operations or condition, financial or otherwise, of the City. No litigation, investigation, or proceeding is now pending or, to the knowledge of the City, threatened against the City that would in any manner challenge or adversely affect the corporate existence or powers of the City to enter into and carry out the transactions described in or contemplated by, the execution, delivery, validity, or performance by the City of the Lease. See **APPENDIX A – "Information Concerning The City of St. Louis, Missouri"** for a more information on litigation and the City's self-insurance program.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance, and sale of the Series 2016 Bonds are subject to the approval of Spencer Fane LLP, St. Louis, Missouri, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Corporation and the City by the office of the City Counselor and by its Disclosure Counsel, Schiff Hardin LLP, New York, New York, and for the Underwriters by Saulsberry & Associates, LLC, St. Louis, Missouri, Underwriters' Counsel. The form of

the Bond Counsel opinion is set forth in **APPENDIX E – “Form of Opinion of Bond Counsel.”**

Bond Counsel has not assisted in the preparation of this Official Statement, except those portions of this Official Statement under the captions **“INTRODUCTION”** (excluding information concerning the Corporation, the City, the Project, and Continuing Disclosure), **“THE SERIES 2016 BONDS”** (excluding information concerning DTC and the Book-Entry-Only System), **“SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS,”** **“APPROVAL OF LEGAL PROCEEDINGS,”** **“TAX MATTERS,”** and **APPENDIXES C and E** to this Official Statement and, therefore, express no opinion as to the sufficiency or accuracy of any other material or information, including financial and statistical information, included herein.

TAX MATTERS

THE FOLLOWING DISCUSSION IN “TAX MATTERS” IS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON AN OWNER OF THE SERIES 2016 BONDS. THE DISCUSSION IN “TAX MATTERS” IS INTENDED TO SUPPORT THE PROMOTION OR MARKETING OF THE SERIES 2016 BONDS. EACH PROSPECTIVE PURCHASER OF THE SERIES 2016 BONDS SHOULD SEEK ADVICE BASED ON THE PROSPECTIVE PURCHASER’S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Series 2016A Bonds

In the opinion of Spencer Fane LLP, St. Louis, Missouri, Bond Counsel to the City (**“Bond Counsel”**), 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 2016A Bonds is excluded from gross income for federal and State income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. Bond Counsel expresses no opinion regarding any other federal or state tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2016A Bonds. Bond Counsel expresses no opinion regarding the applicability with respect to the Series 2016A Bonds or the interest on the Series 2016A Bonds of the taxes imposed by the State on financial institutions under Chapter 148 of the Revised Statutes of Missouri, as amended. A copy of the proposed form of opinion of Bond Counsel is set forth in **APPENDIX E– “Form of Bond Counsel Opinion.”**

The Internal Revenue Code of 1986, as amended (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 2016A Bonds. Failure to comply with these requirements may result in interest on the Series 2016A Bonds being included in gross income for federal and State income tax purposes, possibly from the date of original issuance of the Series 2016A Bonds. The City has covenanted to comply with such requirements to ensure that interest on the Series 2016A Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Any Series 2016A Bond to be offered and sold in the initial offering at a price greater than the principal amount thereof (the **“Series 2016A OIP Bonds”**) will result in a yield less than the interest rate for each such maturity as shown on the cover page or inside cover page of this Official Statement. Under the Code, the difference between the principal amount of a Series 2016A OIP Bond and the cost basis of

such Series 2016A OIP Bond to an owner thereof is bond premium. Under the Code, bond premium is amortized over the term of a Series 2016A OIP Bond (i.e., to the maturity date of a Series 2016A OIP Bond or its earlier call date) for federal income tax purposes. An owner of a Series 2016A OIP Bond is required to decrease its basis in such Series 2016A OIP Bond by the amount of the amortizable bond premium attributable to each taxable year (or portion thereof) it owns such Series 2016A OIP Bond. The amount of the amortizable bond premium attributable to each taxable year is determined on an actuarial basis at a constant interest rate determined with respect to the yield on a Series 2016A OIP Bond compounded on each Interest Payment Date. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes. Owners of Series 2016A OIP Bond (including purchasers of Series 2016A OIP Bonds in the secondary market) should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption, or other disposition of such Series 2016A OIP Bonds and with respect to the state and local consequences of owning and disposing of such Series 2016A OIP Bonds.

Bond Counsel will not undertake 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 2016A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2016A Bonds.

Prospective Bondholders should be aware that from time to time legislation is or may be proposed which, if enacted into law, could result in interest on the Series 2016A Bonds being subject directly or indirectly to federal income taxation, or otherwise prevent Bondholders from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Series 2016A Bonds from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the Series 2016A Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

Prospective purchasers of the Series 2016A Bonds should be aware that there may be tax consequences of purchasing the Series 2016A Bonds other than those discussed under this section captioned “**TAX MATTERS,**” including, but not limited to, the following: (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2016A Bonds, or, in the case of a financial institution, that portion of such institution’s interest expense allocable to the interest on the Series 2016A Bonds; (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by fifteen percent of the sum of certain items, including the interest on the Series 2016A Bonds; (iii) interest on the Series 2016A Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (iv) passive investment income, including the interest on the Series 2016A Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year, if greater than twenty-five percent of the gross receipts of such Subchapter S corporation is passive investment income; and (v) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of the interest on the Series 2016A Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of the Series 2016A Bonds should consult their own tax advisors as the applicability of these tax consequences.

Series 2016B Bonds

The interest on the Series 2016B Bonds will be included in gross income for federal income tax purposes and is not exempt from income taxation by the State, both in accordance with the owner's normal method of accounting.

MUNICIPAL ADVISOR

Public Financial Management, Inc. ("**PFM**") has been retained by the City as municipal advisor to render certain professional services. As such, PFM has provided advice on the plan of financing and structure of the Series 2016 Bonds and reviewed certain legal and disclosure documents, including this Official Statement, for financial matters. The information set forth herein has been obtained from the City and other sources which are believed to be reliable. PFM has not independently verified the factual information contained in this Official Statement, but relied on the information supplied by the City, other sources and the City's certificate as to the Official Statement and the diligence and accuracy of the City, which has certified that it contains no material misstatement or omission of material information.

TREASURER'S MUNICIPAL ADVISOR

Comer Capital Group, LLC, Jackson Mississippi ("**CCG**") serves as municipal advisor to the Treasurer of the City. CCG assisted in the planning and allocation of certain accounts authorized by the Ordinance and the Indenture. CCG Asset Management, LLC ("**CCGAM**"), an affiliate of CCG, serves as an investment advisor to the City and will provide advice related to the investment of proceeds of the Series 2016 Bonds and funds invested in connection therewith. Neither CCG nor CCGAM has participated in the preparation, drafting, or review of this Official Statement.

UNDERWRITING

PNC Capital Markets LLC, 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 2016A Bonds from the Corporation at a purchase price equal to \$7,169,335.25 (which amount constitutes the principal amount of the Series 2016A Bonds, plus original issue premium on the Series 2016A Bonds of \$1,246,994.00, less the Underwriters' discount on the Series 2016A Bonds of \$52,658.75). In addition, the Underwriters have agreed to purchase the Series 2016B Bonds from the Corporation at a purchase price equal to \$5,786,302.13 (which amount constitutes the principal amount of the Series 2016B Bonds, less the Underwriters' discount on the Series 2016B Bonds of \$48,697.87).

The bond purchase agreement among the Underwriters, the Corporation and the City (the "**Bond Purchase Agreement**") provides that the Underwriters will purchase all of the Series 2016 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 (including the requirement that the Real Property is acquired by the City simultaneously with the delivery of the Series 2016 Bonds), the approval of certain legal matters by counsel, and certain other conditions.

The initial public offering prices of the Series 2016 Bonds may be changed from time to time by the Underwriters.

CERTAIN RELATIONSHIPS

Spencer Fane LLP, St. Louis, Missouri, is serving as Bond Counsel with respect to the issuance of the Series 2016 Bonds, and also represents the City, the Corporation, certain of the Underwriters, and the Trustee from time to time on other transactions or matters.

Saulsberry & Associates, LLC, St. Louis, Missouri, is serving as Underwriters' Counsel with respect to the issuance of the Series 2016 Bonds, and also represents the City, the Corporation, and certain of the Underwriters from time to time on other transactions or matters.

Schiff Hardin LLP, New York, New York, is serving as Disclosure Counsel with respect to the issuance of the Series 2016 Bonds, and also represents the City and certain of the Underwriters from time to time on other transactions or matters.

CONTINUING DISCLOSURE

General

In accordance with the requirements of the Rule, the City and the Dissemination Agent will enter into the Continuing Disclosure Agreement. Pursuant to the Continuing Disclosure Agreement, the City will agree to file or cause to be filed on an annual basis on the Electronic Municipal Market Access ("*EMMA*") system established by the Municipal Securities Rulemaking Board, in accordance with the Rule: (i) certain annual information and statistical and operating data in regard to the City, (ii) in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Bonds, and (iii) timely notice of a failure by the City to provide the required annual information on or before the date specified in the Continuing Disclosure Agreement. The Underwriters' obligation to purchase the Bonds is conditioned upon their receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

Compliance by the City with Prior Continuing Disclosure Obligations

A 2014 comprehensive review of the City's compliance with its continuing disclosure obligations concluded that the City consistently filed for the prior five-year period the annual financial information required to be provided pursuant to its continuing disclosure obligations under the Rule. However, certain of such annual financial information was not filed timely, with incidents ranging from 2 to 26 days late with respect to the City's required annual financial information and, in some cases, later, with respect to certain developer and special district annual financial information required in connection with tax increment and special district financing transactions for which the City has a continuing disclosure obligation. The review further concluded that the City filed the majority of statistical and operating data required to be provided pursuant to its undertakings under the Rule. However, certain of such data was filed late, not filed in the proper format and/or could be considered incomplete. Additional items identified in the review included instances of not reporting certain rating changes and incomplete cross references by CUSIP numbers to annual financial information, including certain statistical and operating data. Subsequent to such review, the City updated its filings and linked its annual financial information including the statistical and operating data.

Supplemental reviews of the City's compliance with its continuing disclosure obligations concluded that the City's annual financial information for Fiscal Year 2014 was filed on time. However, certain of the statistical and operating data for the City's continuing disclosure undertakings with a filing date of 180 days after the end of Fiscal Year 2014, was filed from 3 to 5 days late, and certain other updates to statistical and operating data compiled by calendar year, were filed when they became

available and were 24 days late. Information regarding the City's retirement systems, which is required to be updated pursuant to certain of the City's continuing disclosure undertakings, was filed on EMMA from 120 to 151 days late when such information was complete and available.

The City's annual financial information for Fiscal Year 2015 for the City's continuing disclosure undertakings with a due date of 210 days after the end of the City's Fiscal Year, was filed on its due date. However, due in large part to changes in personnel, the City's annual financial information for Fiscal Year 2015 for the City's continuing disclosure undertakings with a filing date of 180 days after the end of the City's Fiscal Year, was filed 30 days late. The annual financial information and certain operating and statistical data were not properly linked to one outstanding CUSIP number. Such CUSIP number has since been properly linked. The unaudited financial statements for a special district for which the City has a continuing disclosure obligation were filed 24 days late. Certain statistical and operating data for certain of the City's continuing disclosure undertakings was filed from 9 to 22 days late, and certain other updates to statistical and operating data compiled by calendar year, were filed when they became available and were 21 days late. Certain other statistical and operating data for Lambert-St. Louis International Airport which is required to be filed for certain of the City's continuing disclosure undertakings for Fiscal Year 2015, which had been previously posted on EMMA, has since been substituted with revised data. Information regarding the City's retirement systems for Fiscal Year 2015, which is required to be updated pursuant to certain of the City's continuing disclosure undertakings, was filed on EMMA from 63 to 120 days late when such information was complete and available. Other than as stated herein, the City is in compliance in all material respects with its continuing disclosure undertakings for the prior five-year period through the date of this Official Statement.

The Corporation

The Corporation does not currently have any continuing disclosure obligations under the Rule.

RECENT DEVELOPMENTS

On June 2, 2016, Moody's Investors Service ("**Moody's**") released its Issuer Comment reaffirming Moody's "A1" rating on the City's general obligation bonds. Moody's is not rating the Series 2016 Bonds. Moody's rating on the City's general obligation bonds reflects only the view of Moody's and any desired explanation of the significance of such rating and of Moody's ratings criteria may be obtained directly from Moody's at the following address: Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007.

On June 1, 2016, Fitch Ratings, Inc. ("**Fitch**") notified the City that, under its revised evaluation criteria, it has downgraded its rating on three of the Corporation's outstanding leasehold revenue bonds from "A+" to "BBB+." Fitch does not rate any other bonds of the Corporation or the City and is not rating the Series 2016 Bonds. Fitch's rating reflects only the view of Fitch and any desired explanation of the significance of such rating and of Fitch's ratings criteria may be obtained directly from Fitch at the following address: Fitch Ratings, Inc., 70 West Madison Street, Chicago, Illinois 60602.

MISCELLANEOUS

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

The references in the Official Statement to the Indenture, the Leasehold Deed of Trust, the Lease, the Base Lease, the Continuing Disclosure Agreement, 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, the Leasehold Deed of Trust, the Lease, the Base Lease, the Continuing Disclosure Agreement, and such other documents. Copies of such documents are on file at the offices of the Comptroller of the City, City Hall, 1520 Market Street, Suite 3005 St. Louis, Missouri 63103 and following the delivery of the Series 2016 Bonds will be on file at the office of the Trustee, U.S. Bank National Association, Global Corporate Trust Services, One U.S. Bank Plaza, SL-MO-T3CT, St. Louis, Missouri 63101. 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 statements.

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ST. LOUIS MUNICIPAL FINANCE CORPORATION

By: /s/ James M. Garavaglia
James M. Garavaglia, President

THE CITY OF ST. LOUIS, MISSOURI

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

By: /s/ Darlene Green
Darlene Green, Comptroller

APPENDIX A

Information Regarding The City of St. Louis, Missouri

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APPENDIX A

INFORMATION REGARDING THE CITY OF ST. LOUIS, MISSOURI

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APPENDIX A
INFORMATION REGARDING THE CITY OF ST. LOUIS, MISSOURI

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APPENDIX A

INFORMATION REGARDING THE CITY OF ST. LOUIS, MISSOURI

The information contained in this Appendix A (this “*Appendix*”) relates to and has been obtained from The City of St. Louis, Missouri (the “*City*” or “*St. Louis*”). The delivery of this Official Statement is not intended to create any implication that there has been no change in the affairs of the City since the date hereof or that the information contained or incorporated by reference in this Appendix is correct as of any time subsequent to its date.

ORGANIZATION AND GOVERNMENT

General

The City is located on the Mississippi River, the eastern boundary of the State of Missouri (the “*State*”), 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 a constitutional charter city not a part of any county, organized and existing under and pursuant to its Charter, the Constitution and the laws of the State.

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 nation’s tallest man-made monument, which is the focal point of the 86-acre Jefferson National Expansion Memorial located on the downtown riverfront.

Government

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

The Mayor is elected at large for a four-year term and 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 and those powers are exercised by the boards, commissions, officers and departments of the City under his general supervision and control.

The Comptroller is the City’s chief fiscal officer and is elected at large for a four-year term. Pursuant to the City Charter, the Comptroller is the Chairman of the Department of Finance for the City and has broad investigative and audit powers with regard to the City’s departments and agencies. The Comptroller also has administrative responsibility for all of the City’s financial departments, accounting procedures and contractual obligations.

The legislative body of the City is the Board of Aldermen. The Board of Aldermen consists of 28 Aldermen and a President. One Alderman is elected from each of the City’s 28 wards to serve a four-year term. Terms are staggered, with elections held bi-annually. The President of the Board of Aldermen is elected at large to serve a four-year term. Pursuant to an amendment to the City Charter, approved by the voters of the City in 2012, the number of Aldermen will be reduced to 14 beginning in 2022 after the completion of the 2020 Census.

The Board of Aldermen may adopt bills or ordinances that 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 consists of the Mayor, the Comptroller and the President of the Board of Aldermen. For more detailed information regarding the responsibilities of the Board of Estimate and Apportionment, see **“FINANCIAL MANAGEMENT AND EXPENDITURE CONTROLS - Budget Process”** herein.

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 Sheriff, City Treasurer, Collector of Revenue, License Collector, Circuit Attorney and Recorder of Deeds of the City are elected independently for four-year terms. Appointments of certain officials, including the members of the Board of Election Commissioners, are made by the Governor of the State.

CITY FUNDED SERVICES AND AGENCIES

General

The City provides a wide range of municipal and county services, including police and fire protection, non-commercial refuse collection, park and recreational facilities, forestry services, social services, street and other public lighting, traffic control and street maintenance.

Water

The Water Division is an enterprise fund of the City. As such, the Water Division is supported solely from its sale of water to City retail and residential customers as well as to wholesale customers in St. Louis and St. Charles counties. The Water Division receives no financial support from the City's general revenue or other funds. The City's waterworks system consists of two water treatment plants, three reservoirs and approximately 1,300 miles of distribution piping. While the system is capable of processing 360 million gallons per day, current average daily processing is approximately 120 million gallons. Storage capacity of the reservoir system is 128.6 million gallons. The Water Division serves over 79,000 residential customers and 13,000 industrial and commercial customers. While all commercial and industrial customers are metered, most of the residential customers are billed on a flat-rate basis, which is calculated on the number of rooms, water closets, bathtubs or showers and front footage. For over 115 years of testing, the Water Division has complied with all water quality regulations.

Airport

Lambert-St. Louis International Airport (the *“Airport”*) is owned by the City and is located outside the corporate limits of the City in St. Louis County, Missouri (the *“County”*). The St. Louis Airport Authority (the *“Airport Authority”*) is the organization assigned to oversee the operation of the Airport for the City. The Airport Authority was created in 1968 by an ordinance adopted by the Board of Aldermen. The Airport Authority is directed by the Airport Commission and the Airport Director. Currently, the Airport Authority has approximately 529 full-time employees. The Airport is an enterprise fund of the City. The Airport receives no financial support from the City's general revenue or other funds. See also **“ECONOMIC AND DEMOGRAPHIC DATA –Transportation – Airport”** herein.

Parking Division

The parking division of the City (the *“Parking Division”*) operates the municipal parking facilities in the City and functions as a self-supporting enterprise fund of the City, operating without taxpayer funding. Costs of operation, capital improvements and other costs relative to such municipal parking facilities are paid by revenues generated by the Parking Division. The Treasurer of the City is the Supervisor of Parking Meters and in such capacity manages the operations of the Parking Division with oversight by the Parking Commission of the City (the *“Parking Commission”*). The Parking Commission also assists in the planning and coordination of the parking policies of the City.

Fire Protection

The Fire Department of the City of St. Louis (the “*Fire Department*”) provides fire protection and emergency medical services throughout the corporate limits of the City. It also provides fire protection to the Airport. Fire services to the City are provided from 30 fire stations currently staffed by approximately 567 full-time firefighters. An estimated 62 full-time firefighters serve the Airport. In addition to the firefighters, the Fire Department employs approximately 189 emergency medical services and civilian employees. The Fiscal Year 2015 general fund expenditures for the Fire Department were approximately \$66.1 million, which included \$8.8 million in pension costs.

Police

Administrative and financial control of the Metropolitan Police Department, City of St. Louis (the “*Police Department*”) now rests with the City following previous State control. On November 6, 2012, the voters of the State approved a ballot measure that enabled the City to assume control of the Police Department. The Board of Aldermen passed Ordinance No. 69489 accepting responsibility, ownership and liability as successor-in-interest for the contractual obligations, indebtedness, and other obligations of the Board of Police Commissioners and the Mayor signed Executive Order No. 48 establishing the Police Department under the Department of Public Safety and assumed control of the department under the City Charter on September 1, 2013. Fiscal Year 2015 general fund expenditures for the Police Department were approximately \$151.8 million, which included \$30.2 million in pension costs.

OTHER LOCAL COMMISSIONS AND AGENCIES

There are a number of significant governmental authorities and commissions that provide services within the City. Certain City officeholders and representative bodies have appointment powers by State statute to a number of agencies that provide services within the City. Several of the major authorities and commissions are detailed below.

The Metropolitan St. Louis Sewer District

The Metropolitan St. Louis Sewer District (“*MSD*”) is organized pursuant to Article VI, Section 30 of the Missouri Constitution, which empowers the people of the City and the County “to establish a metropolitan district for functional administration of services common to the area included therein.” MSD is the only special district in the State established pursuant to that section of the Missouri Constitution. MSD was created to provide a metropolitan-wide system of wastewater treatment and sanitary sewerage facilities for the collection, treatment and disposal of sewage to serve the City and most of the more heavily populated areas of the County. The City is not responsible for the debt, obligations or expenses of MSD.

A duly-appointed board is the governing body of MSD. The board consists of six members, with three members appointed by the Mayor and three members appointed by the County Executive.

MSD operates the fourth largest wastewater treatment system in the United States. MSD’s service area encompasses 525 square miles including all 61.4 square miles of the City and 463 square miles (approximately 90%) of the County. Only the extreme western parts of the County are not served by MSD. MSD provides sanitary sewer collection and treatment and storm water management to approximately 1.3 million people.

In April 2016, the voters within MSD approved the issuance by MSD of \$900 million in sewer system revenue bonds for wastewater infrastructure improvements over the next four years to comply with federal and State clean water requirements.

Metro

The Bi-State Development Agency of the Missouri-Illinois Metropolitan District d/b/a Metro (“Metro”), was established by the interstate compact between the states of Missouri and Illinois and was approved by an Act of Congress in 1950. A ten member Board of Commissioners sets policy and direction for Metro. The Governor of the State appoints five Commissioners and the County Boards of St. Clair and Madison County in Illinois each appoint five Commissioners. While Metro has broad powers including the ability to plan, construct, maintain, own and operate bridges, tunnels, airport and terminal facilities (among other powers), and such additional power as conferred upon it by the legislature of both states, it is best known for operating public transit services. From July 1, 2014 to June 30, 2015, Metro provided approximately 46.7 million passenger trips and operated 26.9 million revenue miles of service in a 558 square mile service area that includes the City and the County in Missouri, and St. Clair, Madison and Monroe counties in Illinois. In 1993 Metro began operating a light rail transit service which currently totals 46 miles. The largest component of the transit system, however, remains the bus service.

The predominant source of revenue for Metro includes appropriation of regional sales taxes from the City and the County, federal grant funds, funds from the Illinois Department of Transportation and St. Clair County Transit District, State subsidies and passenger fares. The majority of two separate quarter cent sales taxes and a half cent sales tax collected by the City have historically been appropriated to Metro. During Fiscal Year 2015, such sales tax subsidy appropriated to Metro totaled approximately \$40.37 million.

St. Louis Development Corporation

The St. Louis Development Corporation (the “SLDC”) is a nonprofit corporation which provides technical assistance, staff and support services and economic incentives to public and civic bodies and private entities engaged in improving economic opportunities in the City. SLDC functions as an umbrella entity for numerous boards and authorities with a broad variety of functions and powers in the City. SLDC focuses on growing investments and jobs in the City by enhancing real estate values and enabling sustainable and successful neighborhoods. SLDC’s approximately 63 staff members work in several divisions, including executive, real estate, port development, development incentives, major projects, communications, legal, finance and administration. Working as a team with the Comptroller's office, the Mayor's office, the Board of Aldermen and the Planning Commission, SLDC administers various boards and commissions, including: the Land Clearance for Redevelopment Authority; the Planned Industrial Expansion Authority; the Land Reutilization Authority; the Local Development Company (Small Business Administration); The Industrial Development Authority of the City of St. Louis, Missouri (the “*Industrial Development Authority*”); the Port Authority; the Tax Increment Financing Commission; the Clean Energy Development Board and the Enhanced Enterprise Zone Commission. Although SLDC works with a variety of City departments on various development initiatives, SLDC works especially closely on planning and development matters with two City departments – the Planning and Urban Design Agency and the Community Development Administration.

Other planning and economic development related public bodies and agencies operating in the City and served by SLDC include, but are not limited to, the St. Louis Housing Authority, the Regional Convention and Visitors Commission, the Regional Chamber, the East-West Gateway Coordinating Council of Governments, the Regional Convention and Sports Complex Authority and the Downtown STL, Inc.

In 2013, the St. Louis Economic Development Partnership was established, creating a regional economic development team consisting of the business development staff of SLDC and the economic development staff of the County. The mission of this joint effort is to support and attract new and growing businesses by, in part, administering a variety of loans working in conjunction with the Local Development Corporation, the Small Business Administration and the federal Economic Development Administration.

St. Louis Regional Convention and Sports Complex Authority

The St. Louis Regional Convention and Sports Complex Authority (the “*Authority*”), established in 1990 as a separate legal entity by an Act of the State legislature, is governed by an 11 member board of commissioners. The Mayor of the City and the County Executive of the County each appoint three members, and the Governor of the State appoints the remaining five commissioners. The Authority is considered a joint venture of the City, the County and the State because the three governments have entered into a contractual agreement with the Authority to sponsor the issuance of convention facility bonds, to repay the convention facility bonds through rental payments to the Authority, and to make annual preservation payments for facility maintenance and renovations, all of which create an ongoing financial responsibility of the City. The Authority is subject to joint control of the City, the County and the State. The convention center facility (the “*Convention Center Property*”) is part of The America’s Center Convention Complex (the “*Convention Center*”) and is owned by the St. Louis Municipal Finance Corporation, a nonprofit corporation, and leased to the City pursuant to a lease purchase agreement. It is located in downtown St. Louis, and is the largest convention facility in the Metropolitan Area (as defined herein) and the only convention facility in the region capable of competing for national and regional conventions and trade shows. When originally completed, the Convention Center was the eighth largest facility of its kind in the United States. In order to enhance the competitiveness of the Convention Center, the City undertook a major expansion and renovation program in 1993 and constructed the Edward Jones Dome (the “*Dome*”) (which is not owned by the St. Louis Municipal Finance Corporation or subject to the lease purchase agreement) in 1995. As a result of the 1993 renovation program, which included the acquisition of additional land as well as expansion of the existing facilities, the Convention Center Property now contains 340,000 square feet of exhibit space in five halls, as well as 66 meeting rooms, the Ferrara Theatre, and the St. Louis Executive Conference Center. In addition, in October 2011, the Authority completed \$30 million in enhancements and improvements to the Dome, which contains 162,000 square feet of contiguous exhibit space as well as 29 meeting rooms. Together with the Dome, the Convention Center Property is operated by the St. Louis Convention and Visitors Commission (the “*CVC*”) as the 2,700,000-square-foot Convention Center.

Education

The public school systems within the City are operated under the administration and control of the Transitional School District of the City of St. Louis (the “*School District*”) (formerly administered by the St. Louis Public School District) and The Community College District of St. Louis, St. Louis County, Missouri (the “*Community College District*”). Each have elected or appointed officials and have separate budgets and administrators. Both the School District and the Community College District are empowered to levy taxes sufficient to finance the operation of each respective public school system within its jurisdiction. The School District encompasses approximately 61.4 square miles and is located entirely within the corporate limits of the City. The estimated population of the City and therefore the School District was 318,416 as of 2013. The School District is one of the largest public school systems in the State, and operates 79 schools, including 47 elementary, 10 middle, 14 high and 8 special or alternative schools, all with an average daily enrollment of approximately 25,166 students in grades pre-kindergarten through grade 12. The State Board of Education removed the School District’s accreditation status on June 15, 2007. Prior to June 15, 2007, the School District was governed by the Board of Education of the City, a seven-member elected board. At the time the School District lost its accreditation, a three-member special administrative board was appointed to act as the governing body of the School District. On October 16, 2012, the State Board of Education voted to change the School District’s accreditation status to provisionally accredited, thus restoring the School District’s accreditation. On October 23, 2015, the Missouri Department of Elementary and Secondary Education (“*DESE*”) released the Annual Performance Reports (“*APR*”) for districts and individual schools through the Missouri School Improvement Program (“*MSIP*”). Based on the data released by DESE, the School District received 106.5 APR points, eclipsing the 98 points required to qualify for full accreditation. The State Board of Education has the final say on whether the School District will move from provisional accreditation to full accreditation. Currently, the three-member special administrative board continues to act as the governing body of the School District, and will remain the School District’s governing body through at least June 30, 2019. The board appoints the Superintendent of Schools, who is the chief administrative officer of the

School District and is responsible for carrying out the policies set by the special administrative board. The City is not responsible for the debt, obligations, or expenses of the School District.

The State also allows public charter schools to operate in the City (§160.400 R.S.Mo.). A significant source of the School District's annual revenues is from monies appropriated by the Missouri General Assembly each year pursuant to a formula contained in State statutes. Under the formula, the School District's aid is decreased for each student that attends a charter school in the City. Each charter school receives an amount calculated for each School District resident student attending such charter school pursuant to a statutory formula, which amount is deducted from the School District's State aid. Historically, the amount a charter school receives has exceeded the amount of State aid the School District received for the student. In Fiscal Year 2015, approximately \$88 million of State aid for the School District was identified for charter schools and the amount identified for charter schools in Fiscal Year 2016 is expected to be approximately \$95.7 million.

Solid Waste Management and Development Corporation

The Solid Waste Management and Development Corporation (the "SWMDC") owns a system of underground pressurized steam transport pipe in the downtown St. Louis area commonly known as the "steam loop." The steam loop is leased to a steam-generating private entity unrelated to the City. The steam loop serves City Hall and other municipal buildings, and is the only non-private source of steam in downtown St. Louis. The City appoints a voting majority of SWMDC's board of directors. The board of directors consists of representatives of the president of the Board of Public Service (Chairperson), deputy mayor/chief of staff and director of the Street Department of the City (the "*Street Department*"). Separate financial statements are not prepared for SWMDC. SWMDC is governed by employees of the City and, therefore, the City can assert its control over SWMDC.

Library

The St. Louis Public Library (the "*Library*") is located in the City and serves an urban population of approximately 350,000. The Library's mission is to provide learning resources and information services that support and improve individual, family and community life. The Library strives to meet the informational and recreational needs of patrons through appropriate collection development, thoughtful programming and effective promotion of library services to the community.

Currently, the system consists of 16 branches and the Central Library with 3.6 million items in its collection, approximately 76,000 cardholders, approximately 340 full-time staff, and approximately 2.3 million visitors annually. An approximately \$70 million redevelopment of the historic Central Library was completed in 2012.

ECONOMIC AND DEMOGRAPHIC DATA

Population Statistics

The 61.4-square-mile City is the center of the St. Louis Consolidated Standard Metropolitan Statistical Area (the "*Metropolitan Area*") consisting of the City, the City of Sullivan in Crawford County, Missouri; Franklin, Jefferson, Lincoln, St. Charles, St. Louis and Warren Counties in Missouri; and Bond, Calhoun, Clinton, Jersey, Macoupin, Madison, Monroe and St. Clair Counties in Illinois. The Metropolitan Area, covering approximately 8,649 square miles in the States of Missouri and Illinois, is the 18th largest metropolitan area in the United States in terms of population.

The following table sets forth the population statistics for the Metropolitan Area for the indicated calendar years:

Year	City of St. Louis	Metropolitan Area
1980	453,085	2,503,549
1990	396,685	2,580,897
2000	348,189	2,698,687
2010 ¹	319,294	2,787,701

¹ Washington County, Missouri was removed from the Metropolitan Area statistics effective retroactively to the 2010 Census
Source: Bureau of the Census

While the 2010 Census showed that the City had dropped 8.3% in population to 319,294, significant reinvestment in the downtown area of the City over the decade has established a base for the City's future health and growth. Between 2000 and 2010, the two neighborhoods that form downtown St. Louis grew in population by 155%, as dozens of former manufacturing buildings were converted to lofts and apartments.

Industry and Commerce

The Metropolitan Area and the City have continued their successful transition from a predominantly heavy manufacturing-based economy to one based on focused industry clusters. The industry clusters are: plant and life sciences, information technology, advanced manufacturing, financial services, and transportation and distribution.

The Metropolitan Area is a major business center with the headquarters location of such companies as Express Scripts, Emerson Electric, Monsanto, Reinsurance Group of America, Scottrade, Centene, Graybar Electric, Brown Shoe, Enterprise Rent-A-Car, Edward Jones, and Apex Oil. The City itself hosts such notable companies as Energizer Holdings, Peabody Energy, Sigma Aldrich, Stifel Financial, U.S. Bancorp Community Development Corporation, Wells Fargo Advisors, and the AB/InBev headquarters for the North American Region.

The City is also a major center for higher education with base locations at Washington University and St. Louis University, and for health care with BJC HealthCare and Washington University School of Medicine.

Downtown St. Louis has experienced over \$4.5 billion of investment since 1999. Notable completed projects include: 600 Washington (approximately \$60 million), the Park Pacific Redevelopment (approximately \$109 million), the Central Library redevelopment (approximately \$70 million), the Seventh Street Garage (approximately \$39 million), the Laurel (approximately \$142 million), the Peabody Opera House (approximately \$75 million) and the first-phase of Ballpark Village (approximately \$100 million). Downtown St. Louis continues as a major employment center of the region with approximately 90,000 jobs. It has also evolved into a residential center with over 13,000 residents.

Tourism

According to the CVC, the City ranks among the top 25 markets nationally for hotel room inventory. Each year an estimated 23.9 million people visit the City for conventions, meetings, and other business and leisure travel. Such visitors spend an estimated \$4.9 billion in the area on lodging, meals, sightseeing, local transportation, shopping, admissions and a variety of goods and services. Travel and tourism ranks among the top 6 industries in the City and the County employing approximately 85,000 area residents.

Downtown St. Louis has more than 7,000 hotel rooms within a mile of the Convention Center. In Fiscal Year 2015, 146 events with a total attendance of approximately 1,107,273 people took place in the Convention Center. (See **"ECONOMIC AND DEMOGRAPHIC DATA - Sports Related Economic Development"** below for a discussion of the relocation of the former St. Louis Rams

(the “*Rams*”) to Los Angeles, California.) The St. Louis convention quarter provides accommodations at such premier hotel brands as the Marriott, Four Seasons, Hilton, Embassy Suites, Drury, Holiday Inn and Hyatt. Of the more than 7,000 available guest rooms in downtown St. Louis, 1,750 rooms are new or remodeled and all within steps of the Convention Center. In total, St. Louis offers more than 38,000 hotel rooms in the Metropolitan Area, with a first-class transportation system to easily connect meeting attendees with their destinations.

In August 2015, Marriott St. Louis Grand Hotel (adjacent to the Convention Center) reopened with a \$30 million renovation and brand change that transformed St. Louis’ largest hotel. Formerly the Renaissance Grand, the property currently has 917 completely re-modeled guest rooms in a comfortable and contemporary design. The lobby has a new Marriott Great Room anchored by a lobby bar. The 8th Street Pantry is located in the Great Room, and the Great Room Restaurant and Bar serves local food items and a variety of local beers.

Adjacent and physically connected to the Convention Center is the Courtyard by Marriott Downtown Convention Center (formerly the historic Lennox Hotel) which re-opened in late summer 2015. Shuttered since 2011, the Courtyard by Marriott completed a \$15 million renovation that transformed the property into a modern, boutique-style hotel reflective of the historic nature of the building. Each of its spacious 165 rooms have been completely renovated. Additionally, the lobby was completely updated with a mid-century modern design to complement the existing historic elements.

The renovation of the Holiday Inn St. Louis Downtown – Convention Center (formerly the Ramada) is next door to the Convention Center and also underwent a full renovation of all 293 rooms, corridors, lobbies, pool deck, fitness center and front desk. The redesigned Grand Ballroom and Conference Center offers a transitional mix of crystal chandeliers, modern furnishings and classic touches.

In 2014, the historic Mayfair Hotel was transformed into the Magnolia Hotel St. Louis. The boutique hotel, which originally opened in 1925, played host to Hollywood greats during its heyday. The revamped hotel offers 182 rooms, an expansive executive conference center space and a beautiful Mayfair Grand Ballroom.

Transportation

Airport

The Airport is the primary commercial airport for the Metropolitan Area and is the nation’s 31st busiest airport by total passengers according to the Airports Council International (ACI) North American traffic report. The Airport has 4 all-weather runways, 2 terminals, and is configured for up to 86 gates. Thirteen signatory airlines served the Airport in Fiscal Year 2015. There were 185,865 aircraft operations in calendar year 2015, including passenger, general aviation and military aircraft operations.

The Airport served approximately 12.5 million passengers in Fiscal Year 2015, up 1.1% from Fiscal Year 2014. In Fiscal Year 2015, Southwest Airlines accounted for approximately 52% of enplaned passengers, the largest share held by a single airline. American Airlines and Delta Air Lines accounted for an approximately 14% share each for enplaned passengers in Fiscal Year 2015.

The Airport completed the Airport Experience Program, a \$70 million interior renovation project, in 2014. The Airport Experience Program is the single largest interior renovation of the Airport’s historic Terminal 1 since it opened in 1956. The renovations include new or renovated restrooms, an improved security checkpoint, new flooring, ceiling and wall finishes, new ticket counters, and improved passenger flow throughout the renovated areas. In addition, the Airport’s roof was replaced with a copper roof in December of 2014.

The Airport’s Air Service Marketing Program continues its efforts to attract new service with existing air carriers as well as new airlines. Furthermore, the Airport launched a 2015-2020 Strategic

Plan with financial stability as a key component of such plan that includes several metrics to ensure financial success: lowering passenger costs, growing non-aeronautical revenues, increasing cargo revenues and generating more revenue from underutilized land assets.

Multimodal Transportation

The Port of Metropolitan St. Louis, as defined by the U.S. Army Corps of Engineers, ranks as the second largest inland port in the United States handling more than 33 million tons of freight each year. The City's 19-mile riverfront moves over half of that tonnage. In partnership with the U.S. Economic Development Administration, the St. Louis Port Authority (the "*Port Authority*") has completed a \$19.8 million dock rebuild to expand the capacity and versatility of the City's Municipal River Terminal ("*MRT*") on the north riverfront (the "*EDA Project*"). The expansion will provide docks with the capacity to handle increased tonnages of bulk commodities and possibly international shipping containers. Such capacity does not currently exist anywhere in the Metropolitan Area. In 2015, the Port Authority negotiated a 25-year operating lease for the MRT with SCF Lewis and Clark, a national company with local roots and international shipping connections.

The Port Authority continues to invest in the MRT's infrastructure. In 2015 it concluded a \$665,000 upgrade to the north dock, which was not part of the EDA Project. In addition, as of January 2016, the Port Authority is in the process of finalizing the contract on a \$466,000 warehouse improvement project. The Port Authority also continues to seek funding for a \$500,000 rail gate reconfiguration, which will allow increased rail operations at the MRT. Both the rail gate and the warehouse projects will have 20% of the total cost covered by SCF Lewis and Clark, the current MRT operator. In addition, SCF Lewis and Clark expects to significantly expand the MRT's physical plant. Plans are in progress to rebuild the MRT yard's railroads and construct a new warehouse. SCF Lewis and Clark will provide 100% of the funding for these and other such projects.

The Port of Metropolitan St. Louis is connected to six Class 1 railroads and several smaller industrial rail lines; St. Louis is one of the nation's largest rail centers. The City's Class 1 rail lines include BNSF Railway, Canadian National, CSX, Kansas City Southern, Norfolk Southern and Union Pacific. St. Louis also has state of the art intermodal trucking and rail facilities that provide many benefits to the freight transportation business, including increased efficiency of cargo handling, improved security and allowing faster transportation of freight.

The new Stan Musial Veterans Memorial Bridge located immediately north of downtown was opened in 2014. The Stan Musial Veterans Memorial Bridge improves access to downtown from Illinois, as approximately 30% of downtown St. Louis' workforce lives on the east side of the region. According to the Missouri Department of Transportation, by relocating Interstate 70 from the Poplar Street Bridge to the new Stan Musial Veterans Memorial Bridge, drivers experience less congestion, fewer accidents, and less unnecessary fuel consumption. South of the new bridge, construction of improvements to the Poplar Street Bridge has begun; dual ramps between the Poplar Street Bridge and I-55 in both directions will be added. Other improvements include widening the bridge on eastbound I-64. Additional I-64 improvements completed in 2014 include the central corridor replacement of four bridges over I-64, construction of a new eastbound off-ramp to the exit at Tower Grove Avenue, and construction of a new westbound on-ramp at the Boyle Avenue interchange.

On April 2, 2013, voters in the City and the County approved Proposition P: the Safe and Accessible Arch and Public Parks initiative ("*Proposition P*"). Known as CityArchRiver 2015, the approximately \$380 million project will reconnect the Mississippi River to downtown St. Louis. The project will be funded with (i) approximately \$90 million in bond proceeds; (ii) approximately \$69 million in public funds from federal, State and local sources such as a USDOT TIGER grant, MoDOT funds, and other federal grants and funding from the Great Rivers Greenway District; and (iii) approximately \$250 million in private funding from gifts, grants and donations raised by the CityArchRiver 2015 Foundation, including an endowment to maintain the improvements. CityArchRiver 2015 broke ground with the demolition and reconstruction of the Walnut Street Bridge; the demolishment

of the Market and Chestnut Street Bridges; conversion of the Pine Street Bridge to pedestrian use only; and the beginning of the construction of a park over the highway. See also “**ECONOMIC AND DEMOGRAPHIC DATA – Development**” herein.

Bike St. Louis, a joint partnership between Great Rivers Greenway District and the cities of St. Louis, Clayton, Maplewood and Kirkwood, Missouri, was formed to create a network of street routes for bicyclists. Since 2004, three phases have been completed for a total of 150 miles of street routes, including various upgrades and the expansion of bike routes throughout the St. Louis area with six types of bicycle facilities ranging from bike lanes to cycle tracks.

Employment

The Metropolitan Area and the City are major industrial centers in the Eastern Missouri and the Southwestern Illinois areas with a broad range of manufacturing enterprises. According to the U.S. Department of Labor, June 2015 data shows that manufacturing jobs represented 8.9% or 115,182 of the total 1,299,284 non-farm jobs in the Metropolitan Area. The Metropolitan Area’s major industries include aviation, biotechnology, chemicals, electrical utilities, food and beverage manufacturing, refining, research, telecommunications and transportation.

There were 226,826 non-farm jobs within the City as of June 2015, representing 8.3% of Missouri’s job base. Job growth in the City has been concentrated in the service sector, and the City anticipates strong, long-term employment growth related to the industry clusters set forth above under the heading “**Industry and Commerce.**” The City also anticipates similar growth in the areas of medical, business and recreational services, as well as in education, and the tourism and convention business.

The following table reflects the City’s annual average employment by industry group for calendar year 2014:

City Employment by Industry Group
(Total Non-Farm)

<u>Industry Group</u>	<u>Employees</u>	<u>Percentage</u>
Services - Education & Health	56,689	26.1%
Services - Professional & Business	35,666	16.1
Government	31,139	14.2
Leisure & Hospitality	28,065	11.8
Trade, Transportation & Utilities	22,601	9.6
Manufacturing	18,183	8.0
Finance Activities	14,453	6.2
Services - Other	63,711	2.9
Natural Resources, Mining & Construction	5,849	2.7
Information	<u>4,957</u>	<u>2.4</u>
Total	217,984	100%¹

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages; Missouri Research and Information Center.

¹ Total does not add to 100% due to rounding.

Employment Rates

The following table shows employment rates for residents of the City, State and U.S. in the calendar years below, except as otherwise indicated:

	March 2016	Average 2015	Average 2014	Average 2013	Average 2012
Labor Force	163,334	163,001	161,200	159,704	160,868
Number Employed	154,414	153,139	148,789	146,133	146,972
% City Unemployed	5.50	6.10	7.70	8.50	8.60
% State Unemployed	4.81	5.0	6.10	6.70	7.00
% U.S. Unemployed	5.10	5.3	6.20	7.40	8.10

Source: Missouri Economic Research & Information Center.
The above rates are not seasonally adjusted.

Major Taxpayers

In Fiscal Year 2015, taxes totaled approximately \$256.2 million, consisting of earnings, payroll and property taxes that were collected and combined in the City's General Revenue Fund. No one company contributed more than 6.2% of the total taxes collected. The top twenty taxpayers contributed approximately \$125.0 million.

Building and Construction Data

The following table shows trends in the number of building permits and value of housing construction, rehabilitation and commercial construction in the City for calendar years 2011 through 2015:

Calendar Year	Value of Housing		Value of Commercial Industrial or Other Non-Housing	Total Value of Construction	Total Permits Issued
	New	Rehabilitation			
2011	\$ 22,045,139	\$45,962,461	\$246,645,873	\$314,653,473	3,635
2012	60,997,215	34,741,663	385,544,138	481,283,016	3,821
2013	27,713,830	71,796,301	298,565,250	398,075,381	3,999
2014	123,065,155	83,341,585	454,968,014	661,374,754	4,542
2015	146,490,956	69,678,982	479,533,852	695,703,790	5,021

Source: City Building Division.

The Cortex development drove the increase in value of non-housing construction in the Central West End of the City during calendar year 2014 and its effect continued through 2015. SSM Health in the Central West End and St. Louis Children's Hospital undertook projects totaling nearly \$210 million in the neighborhood, while a \$49 million mixed-use development at the corner of Lindell and Euclid Avenue add to the Central West End's recent building boom. The Midtown neighborhood benefited from the groundbreaking on a new \$59 million St. Louis University Residence Hall. See "**Development**" below.

Sports Related Economic Development

The City is home to two major professional sports teams, the St. Louis Blues hockey team (the "*Blues*") and the St. Louis Cardinals baseball team (the "*Cardinals*"). Prior to January 12, 2016, the City was also home to the Rams who have relocated to California (see below for more information). The

teams contribute to the economy of the Metropolitan Area with ticket sales, dollars spent at concessions and on merchandise, and money spent at local restaurants and hotels. The teams also generate positive national media attention for the City.

The Cardinals annually attract more than 3 million fans downtown, with approximately a million coming from outside the State. Ninety percent of fans come from outside the City. The St. Louis Regional Chamber estimated that the economic impact of the 2015 Cardinals' regular season on the region was approximately \$343.9 million with an estimated \$179.7 million of direct impact and \$164.2 million of indirect economic activity. In addition, the St. Louis Regional Chamber estimates the combined economic impact of the Cardinals' two playoff games in 2015 to be an additional \$11.8 million. The Cardinals are one of the oldest franchises in Major League Baseball ("*MLB*"). The team has won more than 9,400 games, eleven World Series Championships, nineteen National League Pennants, three National League Eastern Division Titles and ten National League Central Division Titles. There are more than twenty former Cardinals players and managers enshrined in the National Baseball Hall of Fame and Museum in Cooperstown, New York.

Over the last nineteen seasons, since a group of investors led by Bill DeWitt, Jr. purchased the Cardinals from Anheuser-Busch, the Cardinals have finished in first place nine times, won four National League pennants and two World Series titles while drawing over fifty million fans to the City. In 2006, the Cardinals moved into a new \$411 million Busch Stadium in downtown St. Louis, with the team covering nearly ninety percent of the cost of the project, including infrastructure. Nearly 24,000,000 fans have attended games in the new ballpark since it opened. In March 2015, *Forbes Magazine* reported that the Cardinals are the sixth most valuable team in MLB, worth \$1.4 billion with revenues in the 2014 season of \$294 million and the highest operating income in all of MLB at approximately \$73.6 million.

In April 2014, the Ballpark Village Development Corporation completed phase one of a development project known as Ballpark Village. Ballpark Village is a mixed-use development project located immediately to the North of Busch Stadium. The \$100 million first phase of Ballpark Village includes 100,000 square feet of retail space (the "*Ballpark Village Project*"). The Ballpark Village Project includes a Cardinals Nation venue composed of a Cardinals Hall of Fame and Museum, a two-story Cardinals Nation restaurant, and a roof-top deck that provides rooftop seating with views into Busch Stadium. Ballpark Village also includes two other main restaurants: a Budweiser Brew House and Drunken Fish sushi restaurant. The Budweiser Brew House features a beer garden and German-inspired cuisine and includes rooftop seating with views into Busch Stadium. The Ballpark Village Project includes a PBR St. Louis Cowboy bar and the Howl at the Moon dueling piano bar, as well as other restaurants and retail shops. The restaurants and shops are centered around a public event space known as the FOX Sports Midwest Live, which holds concerts and other live entertainment events. The Ballpark Village Development Corporation is a joint venture between the Cardinals and the Cordish Companies based in Baltimore, Maryland. The Cordish Companies have developed other venues similar to the Ballpark Village Project.

Since 1994, the Blues have played at the Scottrade Center with a seating capacity of 19,150. The Blues are one of the more successful National Hockey League teams in terms of attendance with an average attendance of 18,450 in the 2015-2016 season. In the 2015-2016 season, the Blues finished second in their division and qualified for the Stanley Cup playoffs.

On January 4, 2016 the Rams ownership submitted a relocation application to the National Football League ("*NFL*") to move the team to Inglewood, California. On January 12, 2016, the NFL owners voted to ratify the Rams' application for an immediate move to California. The City estimates the revenue impact to the City as a result of the Rams departure will be approximately \$4.2 million in Fiscal Year 2017. The economic impact, if any, the Rams relocation will have on the economy outside the City limits, including money spent at restaurants and hotels outside the City limits, cannot be quantified by the City.

The City is also a venue for regional sporting events. Hosting ten NCAA Championships in the past decade, the City has generated significant economic impact, brought regional and national exposure

and provided a first-class experience for athletes, coaches, fans and media from around the country. USA Gymnastics and the United States Olympic Committee have awarded the 2016 U.S. Olympic Team Trials for men's gymnastics to be held at St. Louis University's Chaifetz Arena which also hosted the 2012 national gymnastics championships. The Professional Golfers Association ("PGA") held the 2013 Senior PGA Championship at Bellerive Country Club located in the County and announced that the venue would host the 2018 PGA Championship. In 2013, the USA Cross Country Championships took place in the region.

City Parks, Metropolitan Zoological Park and Museum District, and Great Rivers Greenway District

The City Parks Department is responsible for the operation and maintenance of 108 public parks consisting of approximately 3,000 acres of park land as well as 175 park medians, strips and triangles comprising some 250 additional acres. Its maintenance responsibilities consist of cutting and trimming all park acreage, maintaining the City's athletic fields, comfort stations, park maintenance buildings, park pavilions and other areas owned or used by the City for recreational and other purposes. In addition, the Horticulture Section is responsible for the operation of eighteen greenhouses in which are propagated over 450,000 flowering and foliage plants annually. The Facility Services Section is responsible for the maintenance of all facilities within the City's 108 parks. These include, but are not limited to, eight recreational centers, eight municipal swimming pools, 150 park buildings, 75 playgrounds, and maintenance of water/sewer lines, graffiti removal, fountains and irrigation systems.

The largest park in St. Louis, Forest Park, is located in the heart of the City and includes 1,293 acres. It is the home to the region's major cultural institutions—the Zoo, Art Museum, History Museum, Science Center and the Muny Opera. It also serves as a sports center for golf, tennis, baseball, bicycling, boating, fishing, handball, ice skating, roller blading, jogging, rugby and more. The City Parks Department estimates that Forest Park draws more than 12 million visitors per year.

The Metropolitan Zoological Park and Museum District (the "*District*") levies property taxes on behalf of five sub-districts in the City and the County: The Zoological Park, the Art Museum, the Science Center, the Botanical Garden and the Missouri History Museum sub-districts. The District was created by State statute on January 1, 1972 and is governed by a board consisting of eight members, each appointed for a four-year term. The Mayor of the City appoints four Board members and the County Executive appoints the balance. By statute, the District may retain five percent of the total tax revenue for administrative expenses. The District's total tax revenue for the fiscal year ending December 31, 2015 was \$75.86 million, up from \$74.46 million the prior calendar year. This revenue, minus the administrative expenses, was made available to the sub-districts based on their respective tax levies.

The Great Rivers Greenway District ("*GRG*") was established in November 2000 by the successful passage of the Clean Water, Safe Parks and Community Trails Initiative (known as Proposition C) in the City, the County and St. Charles County, Missouri ("*St. Charles County*"). GRG is funded by a 1/10th of 1 cent sales tax imposed in the City, the County and St. Charles County. In addition, in 2013 the City and County voters approved Proposition P, a 3/16th of 1 cent sales tax imposed in the City and the County. GRG receives 60% of such additional sales tax and the City and St. Charles County receive the remaining 40%. The goal of GRG is to spearhead the development of an interconnected system of greenways, parks and trails that will encircle the Metropolitan Area, enhancing the quality of life for residents and visitors. Eventually, the system will encompass a 600-mile web of more than 45 greenways that will crisscross the region and provide access to other trail and greenway projects within Missouri and near counties in Illinois. GRG has issued \$84 million in bonds to fund part of the CityArchRiver 2015 project to make improvements to the Gateway Arch grounds.

Development

SLDC, working together with the Comptroller's Office, the Mayor's Office, and the Board of Aldermen, administers the City's Tax Increment Financing ("*TIF*") program, the Downtown Economic Stimulus Authority, and real estate tax abatement incentive programs. The Planning and Urban Design

Agency and the Land Clearance for Redevelopment Authority, together with the Board of Aldermen, developed plans for the revitalization of various areas of the City. SLDC has received from the U.S. Department of Treasury the following allocations of New Markets Tax Credits: \$52 million in 2005, \$45 million in 2008, \$65 million in 2009, \$21 million in 2011, \$30 million in 2013 and \$45 million in 2015.

More than \$700 million in development has been completed downtown since 2010. Lodging Hospitality Management completed a \$60 million upgrade of the Union Station Hotel by Doubletree and is currently planning a \$70 million Phase 2 entertainment area to be located in the southern portion of Union Station. The five building Plaza Square Apartments redevelopment is underway - Building #50 has been completed and includes 149 units of affordable senior housing developed at a cost of \$21.6 million - Buildings #10, #20, #30 and #40 are being rehabilitated at a cost of \$30.1 million with approximately 780 market rate units and construction on a 400 space parking garage has been completed. The MX retail development has launched with the opening of a state of the art movie theatre and multiple eating and retail operations, and the completion of construction of the National Blues Museum. The Cupples 9 office building has opened, housing Osborne Barr Marketing Co., which relocated some years ago from the County to downtown. The Peabody Opera House and the Central Library, both downtown attractions, opened in 2013 after extensive renovations. Downtown also has a number of companies which are recommitting to downtown, making new investments and adding new full-time jobs. These projects include Stifel, Nicolaus & Company, Incorporated, which has invested \$34 million in its building and added some 225 new jobs to its national headquarters downtown; and Gateway EDI which has signed a lease extension and expansion in anticipation of adding up to 300 new jobs. Other expanding downtown operations include the marketing firm Group 360, U.S. Bancorp Community Development Corporation, the Cool Fire Group and the law firm, Brown & James. Other significant new projects downtown include the completion of the \$32 million St. Louis University School of Law (including a 200 seat mock courtroom) in August 2013, which has brought 800-1,000 students and staff into downtown, the renovation of the Mayfair Hotel in July 2014 into the 182 room boutique Magnolia Hotel at the cost of \$19 million and the completion of the 132 unit, 25 story Tower at Old Post Office Square in July 2014 at the cost of \$22 million. The \$118 million Arcade Building with approximately 300 housing units and an expanded Webster University Campus was completed in January 2016. The Station Plaza affordable housing development is nearing completion.

In addition, downtown has become a location for new business start-ups. The T-REx (Regional Entrepreneurial Exchange) ("*T-Rex*") at the Lammert Building is now home to approximately 60 start-up information technology related ventures. T-REx has also attracted two business acceleration programs, the Capital Innovators and the Arch Grants, which provide seed capital along with intensive professional service resources to launch companies. Together, these two accelerator programs anticipate providing assistance to 40 start-up operations per year at the downtown location.

Other downtown projects include the completed \$20 million reinvention of the 500 North Broadway office building in 2013; the completion of phase II of the \$144 million 210 North Tucker IT building; the completed \$14.7 million conversion of the 1910 Pine building to 72 residential units; the completion of the \$5 million rehabilitation of the 2200 Locust mixed-use building (now known as the Lacassian Lofts) with 7,000 square feet of commercial and 27 residential units; and the completion of construction of the \$46 million renovation of the GenAm Building at 706 Market Street to accommodate the Laclede Gas Co. Headquarters.

Downtown infrastructure projects completed or in planning include the \$380 million CityArchRiver 2015 project, an effort that includes upgrades to the Leonor K. Sullivan Boulevard, Memorial Drive, I-70, the Museum of Westward Expansion and \$90 million in improvements to the museum's landscaping and infrastructure; \$1.3 million enhancements to the Laclede's Landing streets and sidewalks; and \$1.97 million third phase streetscape improvements along Washington Avenue downtown.

Beyond downtown, there continues to be a resurgence of manufacturing, with new investment and job creation. Proctor and Gamble has completed a \$150 million expansion. Henkel Consumer Projects (Dial) has invested \$50 million in expanding production. Elantas PDG, Inc., a coating

manufacturing firm, is completing a \$30 million upgrade. Additional projects include MFR Tire (\$4.8 million), Volpi Foods (\$8.8 million), Faultless Linen (\$12 million), M & L Foods (\$6.4 million), ADM (\$9.1 million), Lehner Tool, Grossman Iron and Metal, and MDS Manufacturing. Also, progress is being made on the development of the bioscience industry in the City, with the presence of two nationally recognized university research hospitals along with Sigma Chemical, Monsanto Solae and other plant and life science anchors. The City is seeking to position itself as a hub for research and innovation. Based on a life science incubator, the Center for Emerging Technologies, the BioGenerator, a life science business accelerator and new capital opportunities, the City is striving to capture the commercialization of local plant and life science research.

Other growing businesses include the biotech device company, Chemline, ChemLab Manufacturing, Material Logistics, Dyna Labs, Mid America Display, the expansion of Southside Day Nursery in a new building at Jefferson and Russell, and the expansion at Wells Fargo Investment Services which added 400 new jobs.

In 2013, the City approved a tax increment financing plan entitled the St. Louis Innovation District Tax Increment Financing (TIF) Redevelopment Plan (the “*CORTEX TIF*”). The CORTEX TIF is located in the western portion of the City immediately to the east of Forest Park in an area known as the Central West End. The CORTEX TIF redevelopment area includes over 178 acres composed of eleven separate redevelopment project areas. The CORTEX TIF proposes a total investment of approximately \$2.1 billion over twelve years with approximately \$167 million of public incentives. As of January 2016, the City has activated five of the redevelopment project areas. The five activated redevelopment projects include a 218,000 square foot office building for BJC Healthcare (approximately \$45 million investment), renovation of a 183,000 square foot building for Wexford Science & Technology (approximately \$73 million investment) now known as the @ 4240 Building, and a 90,000 square foot building for the Shriners Hospital. Construction has been completed on the 380,000 square foot IKEA retail home furnishings store along the northern side of I-64 and Vandeventer Avenue and a \$12 million linear park known as CORTEX commons (“*CORTEX*”). CORTEX is adjacent to the \$100 million BJC outpatient center. The new 4260 Building is under way on Forest Park Blvd., which will include space for the Tech Shop.

Other City projects along the central corridor include the following completed or soon to be completed projects: \$75 million 100 North Euclid mixed-use project with 177 residential units and a 38,000 square foot Whole Foods market; \$13 million Mercedes of St. Louis dealership on Hampton near Oakland; renovation of 3852 Laclede Avenue for the \$11.6 million 50 unit Laclede Lofts project; new 82 unit, \$10 million apartment building being constructed at 245 North Union; \$26.7 million 206 unit Hallmark Apartments at West Pine Boulevard and Sarah Avenue; the construction of the KWMU Public Radio station by the University of Missouri-St. Louis at the cost of \$12 million; renovation at the cost of \$25 million of the Metropolitan Building for artist lofts; and renovation of the 28,000 square foot Sun Theater at 3619 Grandel Square for use by the Grand Center Arts Academy Charter School. Also under construction is the \$65 million, 12-story, Lindell Residences at Euclid Avenue with 10,000 square feet of retail space and approximately 700 units of campus student housing at St. Louis University.

The completion and opening of the new \$600 million Stan Musial Veterans Memorial Bridge just north of downtown carrying I-70 across the Mississippi River and the related \$34 million Tucker Avenue project has spurred other North Riverfront projects in the City including: the renovation of 1600 North Broadway as the new and expanded \$12 million 226,000 square foot headquarters for Bissingers Chocolates; the new \$13.2 million Love's Travel Center; the \$5 million expansion of the Performance Foodservice Middendorf facility at 3930 North 9th Street; the new \$17 million Clarence Broadway industrial project; the \$50 million expansion by Henkel Consumer Projects (Dial); and the \$150 million expansion of Procter & Gamble.

Near Southside projects include \$8.5 million Jefferson Commons; the \$15 million 37,000 square foot Field Foods; the A.T. Still Dental University as well as a number of new single-family houses being built in the Lafayette Square neighborhood.

Numerous projects in the Forest Park Southeast neighborhood are planned, underway or have been completed, including the second phase of the 140 unit, \$24 million Aventura Apartments at Chouteau and South Taylor; \$4 million Urban Chestnut Brewery on Manchester; \$60 million mixed-use project at Manchester and Sarah, several small commercial projects along Manchester, and residential rehabilitations throughout the neighborhood. In addition to the numerous residential rehabilitations and some new construction projects in this neighborhood, similar developments are occurring in the Botanical Heights, Shaw, Tower Grove South and Tower Grove South neighborhoods.

Continued focus on improving commercial districts throughout the City is making City living and neighborhoods more desirable. Continued focus on the manufacturing sector and, in essence, a public/private partnership with these operations to attract investment and growth, along with cultivating those areas where the region has strength, such as life science, information technology and financial services, is progressing.

FINANCIAL MANAGEMENT AND EXPENDITURE CONTROLS

Introduction

Management of the City's finances includes preparation of an annual budget, control of the expenditure of City funds, cash management and the levy and collection of real and personal property taxes. The following section presents information regarding the City's finances, including the City's accounting and budgeting practices.

Accounting and Reporting Practices

The City maintains its accounting records on the basis of funds as summarized below.

Governmental Type Funds—Governmental Type Funds are used to account for the acquisition, use and balances of the City's financial resources and related liabilities. The measurement focus is upon determination of changes in financial position, rather than on net income. The City's governmental-type funds include the following:

General Revenue Fund—The General Revenue Fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in other funds.

Special Revenue Funds—Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts of major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Fund—The Debt Service Fund is used to account for the accumulation of resources for and the payment of principal, interest and related costs for general obligation long-term debt.

Capital Project Fund—The Capital Project Fund is used to account for financial resources to be used for acquisition or construction of major capital facilities (other than those financed by proprietary fund types).

Proprietary Funds—The Proprietary Funds are used to account for the City's ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income. The City's proprietary fund types include the following:

Enterprise Funds—The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the 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; or (b) where the governing body has decided that periodic determination of revenues earned,

expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds—The Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost reimbursement basis.

Fiduciary Funds—The Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. A description of the City’s fiduciary fund follows:

Agency Funds—Agency Funds are used to account for assets held as an agent by the City for others. Agency Funds are custodial in nature and are used to account for assets held by the City as an agent for individuals, private organizations, other governmental units and/or other funds. Pension Trust funds are accounted for and reported similar to proprietary funds.

Budget Process

The Board of Estimate and Apportionment proposes annual operating and capital budgets for the ensuing Fiscal Year based on information provided by the various City departments (including the Budget Division), commissions and boards.

After internal review and analysis by the Board of Estimate and Apportionment, a proposed budget, which includes a statement showing estimated receipts and expenditure requirements of each department, commission and board, and a comparative statement of receipts and expenses incurred for the previous year, is submitted to the Board of Aldermen.

The Board of Estimate and Apportionment must submit its proposed budget to the Board of Aldermen no less than 60 days prior to the beginning of the Fiscal Year, July 1. The budget bill is assigned to the Ways and Means Committee of the Board of Aldermen, which conducts public hearings on segments of the proposed budget prior to taking any action. Thereafter, the proposed budget is reviewed and considered by the Board of Aldermen.

The Board of Aldermen may reduce the amount of any item in a budget bill, except amounts fixed by statute for the payment of principal of or interest on City debt or for meeting any ordinance obligations. The Board of Aldermen may not increase the amount of the proposed budget, nor insert new items. Under the City Charter, the Board of Estimate and Apportionment submits and recommends to the Board of Aldermen a bill establishing the City’s real property tax rates. Currently, increasing the level of existing taxes or imposing new taxes requires voter approval in accordance with the Missouri Constitution. See the caption “**GENERAL REVENUE RECEIPTS—The Hancock Amendment**” herein.

Should the Board of Estimate and Apportionment fail to submit its proposed budget or tax rate to the Board of Aldermen on a timely basis, the Budget Director is required to submit directly to the Board of Aldermen data, including projected revenues and expenses, necessary to permit the Board of Aldermen to approve an operating budget prior to the beginning of the Fiscal Year.

Should the Board of Aldermen not approve a budget or tax rate by the beginning of a Fiscal Year, the proposed budget or tax rate recommended by the Board of Estimate and Apportionment or in its absence the submission by the Budget Director, is deemed to have been approved by the Board of Aldermen.

Except with respect to the general appropriation bill and bills providing for the payment of principal of or interest on debt, no appropriation may be made from any revenue fund in excess of the credit balance of such fund and no appropriation may be made for any purpose to which the money may not lawfully be spent. The Board of Estimate and Apportionment may from time to time appropriate any

accruing non-appropriated City revenue. Whenever an appropriation exceeds the amount required for the purpose for which it was made, the excess or any portion or portions thereof may, by ordinance recommended by the Board of Estimate and Apportionment, be appropriated to any other purpose or purposes. All unexpended appropriated money not appropriated by special ordinance for a specific purpose reverts at the end of the then current Fiscal Year to the fund or funds from which the appropriation was made. One half of the operating surplus of the General Revenue Fund is remitted to the Capital Project Fund at the end of each Fiscal Year.

Financing Controls

The City has implemented significant measures to upgrade its financial reporting systems in an effort to bring the financial system in line with the requirements of generally accepted accounting principles. The City's Comprehensive Annual Financial Report for Fiscal Year 2014 was awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association ("GFOA"). It was the twenty-seventh consecutive year the City has received the prestigious award. The Certificate of Achievement is awarded to recognize a governmental unit that published an easily readable and efficiently organized comprehensive annual report that meets both generally accepted accounting principles and applicable legal requirements. The GFOA presented an award of Distinguished Presentation to the City's Budget Division for its annual budget for Fiscal Year 2015. The award is given in recognition of a government unit that publishes a budget document that meets program criteria as a policy document, an operations guide and a communicative device.

At present, the City utilizes a fully computerized Accounting Information Management System (the "AIM System"). The AIM System is based on a single transaction concept of processing whereby all relevant files and reports are updated from a single input of information. The AIM System provides (1) integrated general and subsidiary accounting of all funds; (2) appropriation/encumbrance accounting and controls; and (3) generation of cost/expenditure data in multiple formats that are useful for budgetary control and other managerial purposes. In developing and evaluating the City's accounting system, consideration was given to the adequacy of internal accounting controls. Internal account controls are designed to provide reasonable, but not absolute, assurance regarding (1) safeguarding assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability of assets. Through annual appropriations the City maintains budgetary control at the department level by line item. Cost classifications are categorized in the following groups: personnel services, supplies and materials, rental and leases, non-capital equipment, capital leases, contractual and other services, and debt service.

Encumbrances are recorded by a control section through an on-line budgetary control module before requisitions are sent to the Purchasing Division. If sufficient funds are not available to cover a purchase, the requisition is returned to the originating department for transfer of funds or cancellation. Department appropriations are allowed to be adjusted by transfers of appropriations with the prior approval of the Board of Estimate and Apportionment. The Comptroller controls all of the above using the AIM System.

It is the responsibility of the Comptroller, as set forth in the City Charter, to provide City officials and taxpayers with reasonable assurances that public funds and property are adequately safeguarded and that financial transactions are authorized and properly recorded. The internal audit staff of the Office of the Comptroller is responsible for carrying out the City Charter and ordinance provisions relating to the audit of records, funds and securities of every person charged with safekeeping the City's assets. The objective is to evaluate the procedures in effect to conserve and safeguard the City's property. Besides the focus on the collection and recording of receipts, department audits include development of recommended procedures for improvement of internal controls in the maintenance of accounts receivable and properly control records. Audits are conducted on a continuing cycle.

Cash Management

Cash management is handled by the City Treasurer. The City Treasurer, an elected official, maintains bank accounts, invests funds and maintains account records.

All cash not restricted by law to specific accounts is pooled into the “General Pooled Cash” and invested by the City Treasurer. The City Treasurer provides cash forecasting so that adequate cash is available while investments are maximized. Consistent with State law, all investments held by the City Treasurer are in direct securities backed by the full faith and credit of the U.S. Government or its agencies and those that may be approved by the State Treasurer or in time deposits collateralized by those securities.

General Revenue Fund

In accordance with generally accepted accounting procedures for governmental units, the City records its financial transactions under various funds. The largest is the General Revenue Fund from which all general operating expenses are paid and to which taxes and all other revenues not specifically allocated by law or contractual agreement to other funds are deposited. Expenditures from the General Revenue Fund are for payments of the payroll, pension, employee benefits and other miscellaneous ordinary operating expenses of most departments and agencies of City government.

The Fiscal Year 2016 Annual Operating Plan continues the ongoing effort to allocate the City’s resources to maximize the efficacy of programs and services for maintaining the quality of life of its residents, visitors and businesses. In the current Fiscal Year, revenues through the third quarter were tracking fairly closely to original budget estimates. Employment based tax receipts such as Earnings Tax and Payroll Tax have shown continued growth through the third quarter of Fiscal Year 2016, at a rate exceeding the inflation rate. Sales taxes have posted positive gains and are slightly ahead of budget estimate through the third quarter of Fiscal Year 2016. The Franchise Tax revenue and Departmental Receipts, however, are under performing such that the overall revenue outlook remains close to original projections. Historical trends suggest long term growth in the 2% range each year. The ability to meet the rising costs of services and growing infrastructure needs with the limited revenue growth remains a perennial challenge. The City has pursued efforts to reduce operating expenditures and staffing where possible without impacting key City services. Along these lines there have been successful efforts in reforming the City’s pension systems and an effort to incorporate many of the administrative and support functions of the Police Department into related departments of the City government.

General Revenue Fund revenues for Fiscal Year 2017 are forecast at \$510.7 million, an increase of 3.5% over the revised estimated revenues of \$493.6 for Fiscal Year 2016. Revenue growth projections for most major tax sources are expected to grow collectively by approximately 1.8%. Major revenues, such as the Earnings Tax, are projected to maintain underlying growth of approximately 2.4%. Sales tax receipts are projected to have growth of approximately 0.2% in Fiscal Year 2017. Other revenues, such as property tax receipts, are projected to rise 1.5% and Franchise Taxes and Departmental Receipts, collectively, are projected to increase 6.4%. The projected increase of 6.4% includes a transfer into the General Revenue Fund from a designated reserve fund to provide for an additional City pay period in Fiscal Year 2017 (see below).

The Fiscal Year 2017 General Revenue Fund budgeted expenditures are \$510.7 million, an increase of 3.7% from the revised budget for Fiscal Year 2016. However, since the City is on a bi-weekly pay calendar, there is a 27th pay period every 11 years, which is occurring in Fiscal Year 2017. After adjusting for such 27th pay period, the base growth is 1.6%. Approximately 75% of the budget is related to salary and benefit costs of employees. Police and Public Safety represent about 56% of the total General Revenue Fund budget. With \$163.5 million in operating and pension costs, the Police Department represents approximately 32% of the General Revenue Fund budget and is the largest component of the Public Safety function. The remaining public safety allocation from the General Revenue Fund provides for fire protection, pre-trial inmate housing, emergency medical services and various permitting, inspection and neighborhood stabilization activities. The General Revenue Fund

budget also funds the majority of parks and recreation operations at \$21.0 million, streets, traffic and refuse collection at \$35.6 million, and general government and finance operations at \$33.3 million. Because the City functions as both a city and a county, the General Revenue Fund also includes appropriations for the 22nd judicial circuit of Missouri and a number of county office functions for \$57.6 million. Debt service payments for large projects funded through lease arrangements are included in the General Revenue Fund allocation in the amount of \$33.2 million. Lease Debt payments in Fiscal Year 2017 include the annual lease payments on the Scottrade Center, the Convention Center/Dome and the City Justice Center and Carnahan Courthouse complexes, as well as the first year payment of \$1.5 million related to the National Geospatial Agency development. The remainder of the General Revenue Fund budget can be categorized as paying for public engineering services, maintenance and operation of public buildings and fleet services.

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General Revenue Fund Expenditures

Table I below is a combined statement of revenues, expenditures and changes in fund balances on an accrual basis for Fiscal Years 2011 through 2015.

TABLE I										
City of St. Louis, Missouri										
General Revenue Fund										
Statement of Revenues, Expenditures, and Changes in Fund Balances										
Accrual Basis - Year ended June 30										
(dollars in thousands)										
		2015	2014	2013	2012	2011				
REVENUES										
Taxes		\$ 363,392	\$ 365,469	\$ 344,561	\$ 339,818	\$ 335,915				
Licenses and permits		19,938	19,279	18,358	16,769	16,770				
Intergovernmental		25,130	21,948	21,203	21,988	24,592				
Charges for services, net		28,880	32,067	35,760	29,632	28,766				
Court fines and forfeitures		4,916	10,810	11,022	12,103	10,848				
Investment income		209	241	192	138	353				
Interfund services provided		858	3,464	5,531	4,293	4,631				
Miscellaneous		7,997	8,587	4,799	5,472	4,736				
Total revenues		<u>451,320</u>	<u>461,865</u>	<u>441,426</u>	<u>430,213</u>	<u>426,611</u>				
EXPENDITURES										
Current:										
General government		47,417	65,926 ¹	45,896 ¹	41,845	41,951				
Convention and tourism		126	119	112	123	142				
Parks and recreation		18,554	18,777	19,050	18,059	17,111				
Judicial		44,799	46,367	47,137	45,916	45,512				
Streets		37,480	33,524	32,714	33,185	31,848				
Public Safety		266,734	272,172	259,909	260,143	252,458				
Health and welfare		3,355	3,229	10,939	3,005	2,861				
Public services		32,054	33,236	22,116	24,942	24,929				
Debt service		34,336	32,377	34,828	32,925	42,839				
Total expenditures		<u>484,855</u>	<u>505,727</u>	<u>472,701</u>	<u>460,143</u>	<u>459,651</u>				
Deficiency of revenues over expenditures		<u>(33,535)</u>	<u>(43,862)</u>	<u>(31,275)</u>	<u>(29,930)</u>	<u>(33,040)</u>				
OTHER FINANCING SOURCES (USES)										
Issuance of leasehold revenue (reefunding) bonds		21,905	—	—	49,825	3,140				
Issuance of certificates of participation		5,195	—	—	—	—				
Bond premium on debt issuances		—	—	—	4,038	145				
Premium on bond issuances		3,097	—	—	—	—				
Payment to refunded escrow agent		(29,497)	—	—	(53,172)	(2,416)				
Advance refunding on TIF bonds and notes payable		—	—	—	—	—				
Firemen's Retirement EAN note proceeds		—	—	—	5,278	—				
Transfers in		38,954	38,346	40,058	40,573	35,856				
Transfers out		(13,191)	(16,680) ²	(9,995)	(10,090)	(8,314)				
Total other financing sources (uses), net		<u>26,463</u>	<u>21,666</u>	<u>30,063</u>	<u>36,452</u>	<u>28,411</u>				
Net change in fund balances		<u>(7,072)</u>	<u>(22,196)</u>	<u>(1,212)</u>	<u>6,522</u>	<u>(4,629)</u>				
Fund balances:										
Beginning of year		35,725	57,921 ³	55,870	49,348	53,977				
End of year		<u>\$ 28,653</u>	<u>\$ 35,725</u>	<u>\$ 54,658</u>	<u>\$ 55,870</u>	<u>\$ 49,348</u>				
Footnotes:										
¹	Liabilities associated with worker's compensation claims of the Police Department due to local control are now realized in the self insurance internal service fund. This resulted in a one time advance posted to general government expenditures as a funding source for the liability in the amount of \$19.1 million.									
²	In Fiscal Year 2014, a larger portion of General Fund sources was committed to pay the debt expense realized in the capital fund.									
³	Includes cumulative effect of change in accounting principles.									

Table II shows a General Revenue Fund summary of operations on a budgetary (cash) basis for fiscal years 2013 through 2015.

[illegible]

Pension Reform

After years of steady increases with costs reaching as high as \$99.8 million in Fiscal Year 2014, the cost of the City's pension systems, including contributions to the systems and the cost of servicing the pension debt, dropped to \$86.2 million in Fiscal Year 2015 and will fall to \$79.6 million in Fiscal Year 2016. The reduction is attributed in large part to reforms to the Firefighters' pension system as well as improved market conditions. There should continue to be a slow decline in the costs of the pension systems over the next few Fiscal Years assuming the systems meet projected earnings targets. For more information, see "RETIREMENT SYSTEMS" herein.

GENERAL REVENUE RECEIPTS

General Revenue Fund Receipts by Category

The following table sets forth the percentage of receipts for various categories of the General Revenue Fund for Fiscal Years 2013 through 2015:

	Fiscal Year		
	2015	2014	2013
TAXES:			
Earnings	32.86%	32.42%	32.03%
Franchise	10.65	11.12	11.32
Sales	11.08	10.41	10.17
Gross Receipts	1.57	1.64	1.50
Motor Vehicle Sales Tax	0.63	0.60	0.58
Real Estate	9.15	9.32	9.36
Personal Property	2.41	2.31	2.21
Payroll	7.76	7.46	7.61
Other Taxes	<u>0.31</u>	<u>0.40</u>	<u>0.33</u>
Total Taxes	<u>76.41</u>	<u>75.67</u>	<u>75.11</u>
License Fees	4.02	3.99	3.80
Departmental Receipts	11.94	12.67	13.51
Transfers	<u>7.63</u>	<u>7.66</u>	<u>7.58</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Source: City Comptroller's Office.

¹ Total does not add to 100% due to rounding.

Earnings Tax

The Earnings Tax was authorized by State statute in 1954 and is imposed on gross income of residents of the City, non-residents working in the City and net profits of businesses within the City. The current rate of 1% has been in effect since 1959. Earnings Taxes are withheld by employers and are generally paid to the City on a quarterly basis. Employers withholding more than \$1,500 per month remit their taxes monthly. City residents employed outside the City and having no Earnings Tax withheld are required to file a City tax return and pay the Earnings Tax annually. The City's Earnings Tax is the most significant single source of General Revenue Fund revenues, representing approximately 33% of the total for Fiscal Year 2015.

In November of 2010 a citizens group collected sufficient signatures for a state-wide ballot initiative to repeal the Earnings Tax and require voter approval of the Earnings Tax every five years, with the phasing out of the tax over 10 years should it ever fail to win voter approval. The citizens of St. Louis vote every five years on whether to retain the Earnings Tax for an additional five year period. On April 5, 2016, St. Louis citizens voted to retain the Earnings Tax for an additional five-year period by a margin of 72% to 28%.

The City's General Revenue Fund Earnings Tax revenues for Fiscal Years 2011 through 2015, on a cash basis, are set forth below:

Fiscal Year	Earnings Tax
2011	\$141,557,643
2012	151,005,918
2013	150,989,576
2014	154,536,949
2015	160,719,695

Source: City Comptroller's Office.

Payroll Taxes

Voters approved a Payroll Tax in 1988. The Payroll Tax is ½ percent of total compensation paid by a business to its employees for work in the City. The City Code exempts certain organizations and institutions from payment of the Payroll Tax, including religious, charitable organizations and institutions, not-for-profit civic, social service or fraternal organizations, not-for-profit hospitals, and not-for-profit educational institutions. The Payroll Tax is administered by the Collector of Revenue and is payable quarterly on the last day of January, April, July and October for the preceding calendar quarter.

The City's General Revenue Fund Payroll Tax revenues for Fiscal Years 2011 through 2015, on a cash basis, are set forth below:

Fiscal Year	Payroll Taxes
2011	\$33,709,243
2012	34,429,039
2013	35,868,469
2014	35,553,296
2015	37,983,321

Source: City Comptroller's Office.

Franchise Tax

The Franchise Tax of the City is a tax on utilities operating within the City and on certain gross receipts of the Airport. The tax is passed on to the consumers by the utilities. The tax on Laclede Gas Company and Ameren Missouri is 10% on the gross receipts from their commercial customers and 4% on the gross receipts from their residential customers. Telecommunication companies are taxed at 7.5% of the gross receipts with the first \$13.5 million of revenue set aside in a special revenue fund to be used for employee retirement debt. Cable franchises are taxed at 5% on the gross revenues. Cable franchise tax revenues are not included in General Revenue Fund, but are included in the Communications Fund for the operation and expenses of the Communications Division of the Department of Public Utilities. Trigen Energy Corp. and the Water Division of the City are taxed at 10% on their gross receipts from all users, and the Airport pays 5% of its gross receipts, all to the General Revenue Fund. Franchise Taxes are collected and paid to the City monthly and/or quarterly.

The City's General Revenue Fund Franchise Tax revenues for Fiscal Years 2011 through 2015, on a cash basis, are set forth below:

Fiscal Year	Franchise Tax
2011	\$57,391,875
2012	50,126,199
2013	53,390,046
2014	53,016,914
2015	52,076,506

Source: City Comptroller's Office.

Sales and Use Tax

City sales taxes are authorized by the Missouri General Assembly and approved by voters. The current sales tax rate is 8.679%, which includes the State tax rate of 4.225%. The General Revenue Fund portion of the tax rate is 1.375%. The remaining portions of the tax rate are earmarked for transportation, capital improvement, public safety, parks and the School District.

In addition, the City imposes a use tax on all out-of-state purchases by in-state residents that are greater than \$2,000. Use tax is earmarked to provide funds for the development and the preservation of affordable and accessible housing, public health care services and building demolition. The current use tax rate is 8.013%. The use tax revenues are revenues that are not deposited into or a part of the General Revenue Fund.

The City's General Revenue Fund sales tax revenues for Fiscal Years 2011 through 2015, on a cash basis, are set forth below:

Fiscal Year	Sales Tax
2011	\$ 45,999,634
2012	50,366,029
2013	47,920,321
2014	49,606,305
2015	54,196,917

Source: City Comptroller's Office.

Gross Receipts Tax

The City's Gross Receipts Tax is derived from three sources: (1) public garage and parking lots tax; (2) amusement admission tax; and (3) restaurant tax. The City's Gross Receipts Tax revenues for Fiscal Years 2011 through 2015, on a cash basis, are set forth below:

Fiscal Year	Gross Receipts Tax
2011	\$ 6,733,077
2012	7,074,721
2013	7,064,567
2014	7,810,667
2015	7,668,150

Source: City Comptroller's Office.

Beginning with Fiscal Year 2007, the City waived the 5% amusement admission tax on Cardinals' ticket sales as an incentive to promote economic development by tying economic development to tax relief pursuant to Ordinance No. 65669.

Beginning with Fiscal Year 2011, amusement admission taxes from events held at the Scottrade Center are pledged to finance further improvements to the Peabody Opera House (formerly, the Kiel Opera House).

Motor Vehicle Sales Tax

The Motor Vehicle Sales Tax is collected by the State in the form of the State sales tax and remitted to the City monthly. The distribution is based on the residence of the purchaser and not the point of purchase.

The City's General Revenue Fund Motor Vehicle Sales Tax revenues for Fiscal Years 2011 through 2015, on a cash basis, are set forth below:

Fiscal Year	Motor Vehicle Sales Tax
2011	\$2,912,791
2012	2,789,955
2013	2,734,713
2014	2,838,298
2015	3,076,608

Source: City Comptroller's Office.

Real and Personal Property Taxes

Taxes are levied on all real and personal property within the City owned as of January 1 of each year. Tax bills are mailed out in November and payment is due by December 31, after which taxes become delinquent. Residential property is currently assessed at 19% of true value, commercial property is assessed at 32% of true value, and agricultural property is assessed at 12% of true value. Real property is reassessed every two years (in odd-numbered years), as required by State law. The assessed value and estimated actual value for real and personal property in the City for calendar years 2011-2015 are set forth below:

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Assessed Year	Real Property ¹		Personal Property		Manufacturers' Inventory ²	Total Assessed Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	
2011	\$3,420,452,617	\$14,728,500,868	\$728,178,864	\$2,186,723,315	\$261,517,759	\$4,410,149,240
2012	3,403,588,629	14,702,310,700	759,781,857	2,281,627,198	253,543,766	4,416,914,252
2013	3,223,496,948	13,756,556,711	753,790,304	2,263,634,547	255,594,948	4,232,882,200
2014	3,236,703,509	13,833,773,410	810,313,469	2,433,373,781	255,068,130	4,302,085,108
2015	3,294,638,871	14,118,593,655	835,238,014	2,508,222,264	243,122,173	4,372,999,058

¹Source: Missouri State Tax Commission Annual Report

²Source: City License Collector's Office.

The estimated "Market Value" of real property in the City for calendar years 2011-2015 is set forth below:

Calendar Year	Residential	Commercial	Total Real Property
2011	\$ 9,943,597,389	\$ 4,784,903,478	\$14,728,500,867
2012	10,008,852,268	4,693,458,431	14,702,310,699
2013	9,066,163,074	4,690,393,638	13,756,556,712
2014	9,154,646,016	4,679,127,394	13,833,773,410
2015	9,410,085,374	4,708,508,281	14,118,593,655

Source: City Assessor's Office.

The property tax collection rates based on the Collector of Revenue's fiscal years (ending the last day of February) for 2011-2015 are set forth below:

Collector of Revenue's Fiscal Year	Real Estate Tax	Personal Property Tax
2011	88.15%	89.27%
2012	90.15	89.63
2013	91.63	88.64
2014	93.00	88.52
2015	93.20	87.11

Source: Collector of Revenue.

Tax receipts paid in protest are distributed to the City after the normal due date for real property taxes. Consequently, the rate of collection as a percentage of current amounts due is understated. The City's General Revenue Fund Real and Personal Property Tax revenues for Fiscal Years 2011 through 2015, on a cash basis, are set forth below:

Fiscal Year	Real Property	Personal Property
2011	\$43,247,378	\$ 9,547,776
2012	41,730,921	9,526,649
2013	44,102,356	10,427,406
2014	44,434,626	10,996,703
2015	44,747,179	11,785,716

Source: City Comptroller's Office.

Property tax rates per \$100 assessed annual valuation for calendar years 2012-2015 are set forth below:

	Calendar Year			
	2015	2014	2013	2012
City of St. Louis:				
Municipal purposes	0.9928	0.9833	0.9772	0.9071
County purposes	0.3500	0.3500	0.3500	0.3270
Hospital purposes	0.1000	0.1000	0.1000	0.0933
Public health purposes	0.0200	0.0200	0.0200	0.0187
Recreation purposes	0.0200	0.0200	0.0200	0.0187
Interest and public debt	0.1330	0.1330	0.1420	0.1200
Total City of St. Louis	1.6158	1.6063	1.6092	1.4848
Overlapping governments:				
State Blind Pension Fund	0.0300	0.0300	0.0300	0.0300
Board of Education of the City of St. Louis	4.3711	4.3711	4.3711	4.4071
St. Louis Community College	0.2176	0.2200	0.2200	0.2200
Metropolitan St. Louis Sewer District	0.0876	0.0879	0.0874	0.0821
Sheltered Workshop District	0.1500	0.1500	0.1500	0.1460
St. Louis Public Library	0.5600	0.5600	0.5600	0.5814
Community Mental Health	0.0900	0.0900	0.0900	0.0876
Community Children's Service Fund	0.1900	0.1900	0.1900	0.1900
Metropolitan Zoological Park and Museum District:				
Zoological Sub-district	0.0793	0.0800	0.0800	0.0769
Art Museum Sub-district	0.0793	0.0800	0.0800	0.0769
Museum of Science and Natural History Sub-district	0.0397	0.0399	0.0399	0.0382
Botanical Garden Sub-district	0.0397	0.0399	0.0399	0.0382
Missouri History Museum Sub-district	0.0397	0.0399	0.0399	0.0382
Total overlapping governmental	5.9740	5.9787	5.9782	6.0126
Total City of St. Louis and overlapping governmental	\$7.5898	\$7.5850	\$7.5874	\$7.4974

Source: City Assessor's Office.

In addition to the property tax rates shown above, commercial property is subject to the Merchants and Manufacturer's Inventory Replacement Tax of \$1.64 per \$100 assessed annual valuation. Proceeds of the Merchant and Manufacturer's Inventory Replacement Tax are remitted to the respective taxing districts in the same proportion as the taxing districts receive other property taxes.

Other Taxes

Other taxes collected by the City include the intangible tax, land tax suits, manufacturer's tax, miscellaneous State receipts, commercial property surcharge and the county stock insurance tax. The City's General Revenue Fund other tax revenues for Fiscal Years 2011 through 2015, on a cash basis, are set forth below:

Fiscal Year	Other Taxes
2011	\$1,503,507
2012	1,735,884
2013	1,548,481
2014	1,526,215
2015	1,527,632

Source: City Comptroller's Office.

License Fees

License Fees are collected by the City for use, sale or conducting business in the following categories: automobiles, cigarettes, liquor, business, contractors and certain miscellaneous items. A variety of business licenses and inspection fees were replaced with the Graduated Business License Tax and the Payroll Tax in 1988 by voter approval. The Graduated Business License Tax is a flat rate, depending on the number of City employees in the previous calendar year. The tax ranges from \$150 for employers with two or fewer employees to \$25,000 for employers with greater than 500 employees. The issuing of business licenses and the collection of license fees is administered by the License Collector's Office. The City's General Revenue Fund license fee revenues for Fiscal Years 2011 through 2015, on a cash basis, are set forth below:

Fiscal Year	License Fees
2011	\$16,736,004
2012	16,786,837
2013	17,900,828
2014	19,035,290
2015	19,662,379

Source: City Comptroller's Office.

The City License Collector is currently holding approximately \$397,082 in business license fees paid under protest pending the completion of an appeals process prescribed by State law.

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Departmental Receipts

Several City departments generate revenues from fees and charges. Those revenue-producing departments include the Department of Parks, Recreation and Forestry, the Public Safety Department, the Street Department, the Public Utilities Department, the Department of Health and Hospitals, the Recorder of Deeds, the Circuit Court, the Juvenile Detention Center, the Sheriff, the Medical Examiner, the Probate Court and the City Courts. Also included in Departmental Receipts are Intergovernmental Aid, Interest Earned and Miscellaneous Receipts. The City's General Revenue Fund Departmental Receipts revenues for Fiscal Years 2011 through 2015, on a cash basis, are set forth below:

Fiscal Year	Departmental Receipts
2011	\$60,397,740
2012	58,690,300
2013	63,722,691
2014	60,417,653
2015	58,400,330

Source: City Comptroller's Office.

Operating Transfers

A major source of transferred funds is from other Special Revenue Funds. Other Special Revenue Funds consist of the Tourism Fund and pledge accounts released on lease purchase agreements. Remaining transfers represent funds which by law must first be deposited in a fund other than the General Revenue Fund. After a determination by the Comptroller that such deposits are a surplus, these funds are transferred to the General Revenue Fund in compliance with the City's operating procedures.

The City's Operating Transfers for Fiscal Years 2011 through 2015, on a cash basis, are set forth below:

Fiscal Year	Operating Transfers¹
2011	\$33,093,370
2012	33,409,382
2013	35,708,194
2014	36,510,334
2015	37,327,476

¹Figures do not include transfers related to certain employment reserves.
Source: City Comptroller's Office.

The Hancock Amendment

An amendment to the Missouri Constitution limiting taxation and government spending was approved by voters on November 4, 1980. The amendment (popularly known as the "*Hancock Amendment*") limits the rate of increase and the total amount of taxes which may be imposed in any Fiscal Year, and provides that the limit may not be exceeded without voter approval. Provisions are included in the Hancock Amendment for rolling back tax rates to produce an amount of revenues equal to that of the previous year if the definition of tax base is changed or if property is reassessed. The tax levy on the assessed valuation of new construction is exempt from this limitation. The limitation on local

governmental units does not apply to taxes imposed for the payment of principal of and interest on general obligation bonds approved by the requisite percentage of voters.

The Hancock Amendment also requires political subdivisions of the State to obtain voter approval in order to increase any “tax, license or fee.” The precise meaning and application of the phrase “tax, license or fee” is unclear, but in recent decisions, the Missouri Supreme Court has opined that it does not apply to traditionally set fees. The limitations imposed by the Hancock Amendment restrict the City’s ability to increase many, but not all taxes, licenses and certain fees without obtaining voter approval.

INSURANCE

The City uses a combination of third-party insurance and self-insurance for risk protection. Certain coverage has been obtained for high risk activities or as required by law. Damage to City property, repair or replacement costs, if excessive in nature, would have to be made from the operating budget, or possibly, bond funds. All liability claims not covered by third-party insurance are handled by the City Counselor’s Office. The City’s attorneys attempt to settle or defend all claims. Each year an appropriation is made to a judgment account, which is segregated and reserved in a nonprofit corporation, Public Facilities Protection Corporation (“PFPC”), from which all judgments or settlements are paid. Expenditures for judgments and settlements during Fiscal Years 2011 through 2015 are set forth below:

Fiscal Year	Expenditures
2011	\$1,859,247
2012	1,745,778
2013	2,287,537
2014	2,053,860
2015	1,712,781

Source: City Counselor’s Office.

PFPC is the administrator for all workers’ compensation responsibilities. A third-party administrator is used to process all claims and make recommendations regarding workers’ compensation concerns. The utilization of a third party administrator working with improved City safety efforts has resulted in a reduction in the number and severity of workers’ compensation claims. It also has enabled the City to process claims and payments more timely as well as provide more timely and accurate statistical data.

DEBT OF THE CITY

General

The City is authorized to issue general obligation bonds payable from unlimited *ad valorem* taxes upon a two-thirds majority vote of the qualified voters voting on the specific proposition. In August 1988, Missouri voters approved an amendment to the Missouri Constitution that reduced the majority vote required for the incurrence of debt for various public purposes by local government and other political subdivisions from two-thirds to four-sevenths at elections on the general municipal election days or the state primary or general election days. Since the City Charter currently requires a two-thirds vote for the issuance of bonds of the City, voter approval of a City Charter amendment would be needed to reduce the majority requirements as authorized by the State constitutional amendment. A proposed City Charter amendment was submitted to City voters in August and November 1988, but at each election the proposal received more than a majority of the votes cast, but less than the required 60%. The Missouri Constitution provides that the amount of bonds payable out of tax receipts (which includes bonds payable from the special assessments) will not exceed 10% of the total assessed valuation of the taxable property of the City. The Constitution permits the City to become indebted for an additional 10% of the value of the taxable tangible property for the purpose of acquiring a right-of-way, construction, extending and improving a sanitary or storm sewer system.

The City also is authorized to issue revenue bonds to finance capital improvements to its water system, sewer system and airport facilities. These types of revenue bonds require a two-thirds vote of the qualified electorate voting on the specific proposition. All revenue bonds issued by the City are payable solely out of the revenue derived from the operation of the facility that is to be financed with the proceeds of such bonds. Revenue bonds do not constitute a pledge of the full faith and credit of the City and are not considered in determining the legal debt margins resulting from the limitations described herein.

Tax Increment Financing Projects

The City has approved many TIF projects. To the extent that the City has issued or will issue TIF revenue bonds to finance projects, with the exceptions of the One City Centre bond issue for which TIF revenues are not expected to be a primary source of debt repayment, such bonds will be paid from taxes generated in the respective tax increment areas and are not anticipated to affect the City's General Revenue Fund. TIF revenues were pledged to supplement repayment in the event surplus operating revenues fall short for the Argyle TIF project, which was financed with parking revenue bonds and cost approximately \$3 million. Also, TIF will supplement the revenues available to pay the portion of the Series 2006 Bonds issued to fund the Euclid-Buckingham garage that cost approximately \$4.5 million.

Four projects have been financed with Industrial Development Authority TIF Revenue Bonds, namely, Edison Brothers for \$5.6 million issued on January 29, 2000, MLK Development for \$2.7 million issued on March 18, 2002, Southtown for \$6.4 million issued on September 14, 2006, and Loughborough for \$18.43 million issued on November 26, 2007. On March 11, 2015, the Industrial Development Authority issued \$5,050,000 Tax Increment Refunding Revenue Bonds, Series 2015 (Southtown Redevelopment Project) (the "Southtown Refunding Bonds") to refund all outstanding Southtown TIF Revenue Bonds issued in 2006. As of April 30, 2016, the outstanding balances on the TIF Revenue Bonds were \$1,695,000 for Edison Brothers, \$1,300,000 for MLK Development, \$4,730,000 for the Southtown Refunding Bonds, and \$12,340,000 for Loughborough. In addition, the Old Post Office Square TIF project was financed "pay as you go." It will receive TIF revenue based on actual tax increments generated over the life of its redevelopment agreement. The Argyle TIF also has a "pay as you go" component, using funds not needed to cover the parking bond commitment for neighborhood improvements. Upon completion of the Emerging Technologies TIF, a "pay as you go" component took effect funding projects up to \$515,000.

In December of 2000, the City provided certain financial assistance in connection with the development and construction of a 165-room all-suites hotel (the "*Suites*") and a 918-room convention headquarters hotel (the "*Main Hotel*" and, together with the Suites, the "*Convention Hotel*" or "*Hotel*") located in downtown St. Louis. The Convention Hotel consists of two buildings, one adjacent to and the other across the street from the Convention Center. The total cost of developing and constructing the Convention Hotel was approximately \$266 million. The City contributed approximately \$50 million. The City's contribution was funded by a Section 108 loan from the Department of Housing and Urban Development, Community Development Block Grant Funds and certain moneys realized by the City from a refinancing of the Convention Center. The City is using TIF revenue and contractual payments in lieu of taxes ("*PILOTS*") payable by the owner of the Convention Hotel to repay the Section 108 loan. The City pledged annual Community Development Block Grant funds to secure the Section 108 loan in the event the revenues generated by and received from the owners of the Convention Hotel are insufficient to pay the Section 108 loan. In 2008, the owners of the Convention Hotel defaulted and UMB Bank, N.A., as trustee, foreclosed on the Hotel in February 2009. Subsequently, the redevelopment agreement was amended whereby the PILOT payments owed by the Hotel owners were extended and reduced by more than \$23 million over the life of the redevelopment agreement; tax credits and savings by the Hotel in excess of \$1 million annually were negotiated; and, ultimately, the trustee executed two purchase and sale agreements with two separate buyers of the Suites and the Main Hotel which closed simultaneously on May 30, 2014, together with the distribution of \$32,000,000 in sale proceeds to the bondholders on the same date. On November 3, 2014, the trustee made a final distribution to the bondholders in the aggregate amount of \$1,439,000.

The remaining TIF projects are financed with developer-held TIF revenue notes or third-party notes. All TIF revenue notes are special, limited obligations of the City payable solely from and secured by available TIF revenues. The TIF revenue notes do not constitute a general obligation of the City.

Missouri Downtown and Rural Economic Stimulus

The City approved one Missouri Downtown Economic Stimulus Act (“*MODESA*”) project for the Ballpark Village Project. MODESA is similar to TIF with the exception that the State’s Development Finance Board must approve a proposed MODESA project. The statutory authorization for MODESA expired in 2013 and no further MODESA projects may be approved without an amendment to the MODESA statute. The Missouri Development Finance Board approved the Ballpark Village Project on September 18, 2012. The Industrial Development Authority issued MODESA bonds for the Ballpark Village Project in the amount of \$18,550,000 (the “*Ballpark Village Bonds*”) to fund the Ballpark Village Project on January 30, 2013. In addition to the City’s local real property and sales taxes, the Ballpark Village Bonds are expected to be repaid from certain State income withholding and economic activity taxes generated from the Ballpark Village Project and other sales taxes generated from the Ballpark Village Project.

The following table entitled “City of St. Louis, Missouri – Outstanding TIF and MODESA Debt” shows the combined outstanding TIF debt (including Industrial Development Authority TIF Revenue Bonds and TIF revenue notes) and MODESA debt:

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City of St. Louis, Missouri
Outstanding Tax Increment Financing and MODESA Debt

<u>TIF #</u>	<u>Description</u>	<u>Original Issue</u>	<u>Outstanding Balance as of April 30, 2016</u>
6	Chouteau-Compton	\$3,600,000	\$2,258,000
8	Edison Brothers	5,600,000	1,695,000
12	3800 Park	390,000	382,703
13	Gravois Plaza	4,049,000	2,768,000
14	Lafayette Square	3,350,000	785,000
17	4200 Laclede	925,400	736,400
18	MLK	2,680,000	1,300,000
19	Tech Electronics	900,000	900,000
20	1505 Missouri	659,540	654,540
21	Grand Center	27,132,940	23,102,940
22	Walter Knoll Florist	1,036,000	979,760
23	Louderman Building	2,444,400	1,992,103
24	920 Olive St.	2,667,732	2,667,732
25	Grace Lofts	1,715,725	1,490,725
26	Paul Brown Building	3,264,200	3,183,200
27	1141-1151 S. 7th Street	1,131,600	660,600
28	Terra Cotta	3,520,000	3,505,000
29	1312 Washington	419,000	206,000
30	Southtown Centre	7,383,998	6,026,923
31	2500 South 18th St.	524,000	510,000
32	Soulard Market Apt.	4,400,000	4,400,000
33	Printers Lofts	4,410,000	4,410,000
34	City Hospital	3,672,000	2,633,000
35	Fashion Square Lofts	4,105,000	3,083,000
36	1601 Washington	3,365,000	3,288,000
37	1619 Washington	1,930,000	1,879,000
38	Highlands at Forest Park	2,412,000	1,340,000
39	Security Building	3,345,000	3,043,000
40	Catlin Townhomes	432,000	266,000
41	Shenandoah Place	254,700	213,699
42	1133 Washington	1,133,500	813,000
43	Maryland Plaza South	4,133,176	3,881,176
44	410 N. Jefferson	1,735,000	1,664,000
45	Barton Street Lofts	390,500	121,000
46	Warehouse of Fixtures	6,348,500	5,785,000
47	Maryland Plaza North	1,061,418	410,342
48	Marquette Building	4,500,000	4,311,000
49	Gaslight Square East	1,770,000	1,129,000
50	1136 Washington	3,525,000	3,255,000
51	Washington East Condo	7,997,521	7,449,521
55	1300 Convention Plaza	941,525	899,000
56	Mississippi Place	863,100	736,000
57	Loughborough Commons	18,430,000	12,340,000
58	5700 Arsenal	1,370,000	488,000
59	Adler Lofts	939,151	758,151
60	Dogtown Walk II	434,500	392,000
61	East Bank	1,456,825	1,456,825
62	2300 Locust	1,544,046	1,503,088
63	Pet Building	3,162,500	3,008,500

65	Moon Brothers Carriage Lofts	1,490,000	1,481,000
67	1635 Washington	2,361,500	1,780,000
68	3949 Lindell	3,027,500	2,668,000
69	Ely Walker Lofts	6,017,600	5,478,000
70	West Town Lofts	2,456,500	2,205,000
71	Southside National Bank Building	1,447,600	1,352,056
72	Packard Lofts	1,329,500	1,116,000
73	Bee Hat Lofts	1,407,329	1,169,000
76	Delmar East Loop	3,000,000	2,178,000
77	6175-81 Delmar	2,140,300	1,453,000
79	Syndicate Trust Building	8,329,200	7,888,766
80	Ludwig Lofts	1,080,000	1,080,000
82	Union Club	1,933,500	1,900,000
83	Park Pacific	20,538,000	19,946,000
84	2200 Gravois	1,040,000	1,000,000
87	4100 Forest Park II	6,116,000	6,046,000
88	Grand/Cozens/Evans	1,650,000	1,461,000
89	Ballpark Lofts	8,122,000	7,515,000
90	GEW Lofts	3,260,000	3,004,000
91	1818 Washington-Tudor	2,451,400	2,165,000
92	Ballpark Village	18,550,000	18,550,000
95	The Foundry	450,500	434,500
101	Leather Trade Building	2,885,500	2,885,500
102	City Hospital RPA 3	10,033,500	9,845,000
106	1910 Locust	1,430,000	1,327,000
112	1001 Locust	2,112,500	2,013,000
113	South Carondelet #1	2,550,924	2,461,924
114	South Carondelet #2	146,500	143,500
116	City Hospital RPA #2	7,278,500	7,100,000
118	South Carondelet #4	312,144	305,144
119	Magnolia Thurman	442,900	365,000
121	4900 Manchester	1,370,500	1,229,000
122	3693 Forest Park	1,364,500	1,300,000
123	374 South Grand	4,665,500	3,863,000
124	Midtown Lofts	744,390	555,000
125	REO Lofts	642,890	554,000
128	1225 Washington	6,425,000	6,300,000
129	Laurel	19,875,000	18,970,000
130	Chouteau Crossing	1,946,000	1,930,183
132	Ford Building	943,000	826,000
134	Taylor Carrie	4,078,800	4,029,000
137	Railway Exchange Building	9,318,920	9,268,920
139	1111 Olive	2,396,000	2,392,000
141	141 North Broadway Carre	3,545,000	3,259,000
142	1549-1601 S Jefferson RPA1	1,739,000	1,700,000
144	2727 Washington	489,500	483,500
148	St. Louis Innovation RPA 1A	2,930,404	2,930,404
149	St. Louis Innovation RPA 1A(II)	22,000,000	22,000,000
150	St. Louis Innovation RPA 1B	12,705,722	12,705,722
154	706 Market	<u>7,126,000</u>	<u>7,054,600</u>
	TOTAL	<u>\$392,153,019</u>	<u>\$350,427,547</u>

Short-Term Borrowing

The City first issued Tax and Revenue Anticipation Notes (“*TRANS*”) during Fiscal Year 1984 and *TRANS* have been issued annually since 1984 to bridge timing gaps in revenue collections. The following table sets forth certain information concerning the issuance of *TRANS* from Fiscal Years 2011 through 2015 and the expected issuance of *TRANS* in 2016:

Fiscal Year	TRANS Issued During Fiscal Year	As a Percent of General Revenue Fund Revenues¹
2011	\$65,000,000	14.35%
2012	70,000,000	15.29
2013	65,000,000	13.79
2014	65,000,000	13.64
2015	65,000,000	13.29
2016	60,000,000	12.12 ²

¹ The percentage is based on cash, rather than modified accrual revenues. Revenue also includes transfers from other funds.

² Based on estimated General Revenue Fund revenues.

Source: City Comptroller’s Office.

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Outstanding Debt

The following table sets forth the outstanding principal amount of all bonds and other long-term debt, other than TIF and MODESA obligations, issued by the City that are outstanding as of April 30, 2016:

<u>Description</u>	<u>As of April 30, 2016</u>	<u>Term O/S</u>	<u>Footnote #</u>
General Obligation Bonds	\$ 16,795,000	10	1
Section 108 Loan Guarantee:			
Convention Center Hotel	\$ 19,730,000	5	3
Darst Webbe	7,180,000	5	4
Total Section 108 Loan Guarantee	\$ 26,910,000		
MTFC Multimodal Direct Loan	\$ 1,053,036	2	6
Capital Lease- Rolling Stock	\$ 15,523,405	5	7
Kiel Certificates of Participation	\$ 4,490,000	6	1
Obligations with component units:			
Convention Center Hotel Capital Lease	\$28,427,134	4	1
Recovery Zone Facility Special			
Obligation Redevelopment Bonds 2010			
(One City Centre)	16,024,979	24	1
	\$ 44,452,113		
Loan agreement with Forest Park Forever	\$ 3,095,000	27	8
Leasehold revenue improvement and refunding bonds:			
CABS 2005	44,997,891	15	1
Convention Center Capital Improvement Projects & Infra Series 2009 A&B	31,016,922	23	1
Convention Center Refunding & Capital Improvement Project Series 2010	24,736,396	22	
Convention Center Refunding & Capital Improvement Project Series 2015	23,720,000	15	1
Justice Center Leasehold Revenue Bonds Series 2005	6,765,000	4	1
Justice Center Leasehold Revenue Ref Bonds Series 2011	18,060,000	3	1
Forest Park Revenue 2015	6,810,000	6	1

Carnahan Courthouse Leasehold			
Revenue Refunding Series 2006A	19,360,000	11	1
1520 Market Street Series 2015A	6,670,000	9	1
1520 Market Street Series 2015B	9,210,396		
Recreation Sales Tax Series 2007	42,225,000	22	1
Pension Funding Project Series 2007	128,455,000	22	1
Police Capital Projects Series 2007	21,510,000	21	1
Public Safety Sales Tax Pension			
Funding 2008	8,430,000	4	1
Juvenile Detention 2008	22,010,000	23	1
City Parks Series 2014	25,060,000	28	1
	<u>\$ 439,036,605</u>		

Joint venture financing agreement:

Convention & Sports

Facility Project and Refunding Bonds
Series C 2007

(includes Preservation Payments)	<u>\$ 28,845,675</u>	6	1
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DNR loan program with Water	<u>\$3,209,760</u>		5
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**Enterprise Revenue Bonds/Loan
Programs**

Airport	686,225,000	23	1,2
Parking Division	<u>70,737,667</u>	20	1
Governmental Funds	<u>\$756,962,667</u>		

Total Debt	<u><u>\$1,340,373,261</u></u>		
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1) See Official Statement for the Bonds for more information.

2) Series 2003A & B Parking Revenue Bonds was a private offering & secured only by net revenues of the Cupples Garage.

3) HUD Section 108 Loan Guarantee Assistance Loan debt paid by TIF funds and backed by Community Development Block Grant.

4) HUD Section 108 Loan Guarantee Assistance Loan debt funded by Community Development Block Grant.

5) Drawdown loan with the Missouri Department of Natural Resources.

6) Agreement w/ Missouri Transportation Finance Corp. funding a portion of a transportation center. Debt paid from Capital Funds.

7) Lease agreements w/ Chase Equipment Leasing Corporation Debt funded by Capital Funds.

8) Subordinate bonds issued to Forest Park Forever, Inc.

Direct and Overlapping Debt

The direct and overlapping general obligation debt of the City as of April 30, 2016 is set forth below (these figures do not include lease agreements):

	General Obligation Bonds Outstanding	Percent Applicable to St. Louis	City's Direct and Overlapping Debt
The City of St. Louis	\$ 16,795,000	100%	\$ 16,795,000
Transitional School District of the City of St. Louis	339,769,000	100	339,769,000
Total	<u>\$356,564,000</u>		<u>\$356,564,000</u>

Source: City Comptroller's Office.

Debt Ratios

The following table sets forth the City's direct and overlapping general obligation debt ratios as of April 30, 2016 (these figures do not include lease agreements):

	Amount	Per Capita¹	Ratio to Assessed Value
Total Direct Debt	\$ 16,795,000	\$ 52.60	0.39%
Total Direct and Overlapping Debt	339,769,000	1,064.13	7.95

¹ Based on Population from U.S. Census, 2010 (319,294).

Source: City Comptroller's Office.

Legal Debt Margin

The following table sets forth the City's Legal Debt Margin as of April 30, 2016:

	City Purposes Basic Limit	Streets and Sewers Additional Limit
Assessed Value for Calendar Year 2015	\$ 4,372,999,058	\$ 4,372,999,058
Authorized Debt Limit 10% of Assessed Value	\$ 437,299,906	\$ 437,299,906
Less General Obligation Bonds	16,795,000	-
Legal Debt Margin	\$ 420,504,906	\$ 437,299,906

Source: City Comptroller's Office.

EMPLOYEES AND EMPLOYEE RELATIONS

The City, as of July 1, 2015, employs approximately 5,000 persons who are paid from the City's General Revenue Fund, approximately 1,700 of whom are employees of the Police Department, including approximately 1,250 police officers and approximately 450 civilian employees.

Under State law, employees of the City, including those of the Police Department, do not have the authority to bargain collectively. All public employees have "meet and confer" rights, which means, that they have the right to meet and confer with their employers to discuss salaries, benefits and other similar issues. The City is obliged to discuss these issues in good faith with its employees, although the discussions are not binding. No City employee has the right to strike. The City considers its employee relations to be good.

RETIREMENT SYSTEMS

The City contributes to four defined benefit retirement plans. St. Louis firefighters are covered by two of the plans. Benefits accrued until February 1, 2013 are administered by The Firemen's Retirement System of St. Louis (the "*Firemen's System*" or "*FRS*"), which is a closed plan. Firefighter benefits accruing February 1, 2013 and thereafter are administered by the Firefighters' Retirement Plan (the "*Firefighter's Plan*" or "*FRP*"). The City also contributes to the Police Retirement System of St. Louis (the "*Police System*" or "*PRS*") which is a single-employer plan. The Employees' Retirement System of the City of St. Louis (the "*Employees' System*" or "*ERS*") is a cost-sharing multiple-employer plan. Each system is administered by a separate board of trustees, whose members are appointed by City officials and plan participants. Each of the four retirement plans' fiscal year-end is September 30.

All dollar amounts in this section, unless otherwise indicated, are expressed in thousands of dollars.

a. Firemen's Retirement System of St. Louis (Firemen's System or FRS)

1) System Description (FRS)

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 following disclosures are based on the September 30, 2015 financial statements and the October 15, 2015 actuarial valuation. First effective with the valuation as of October 1, 2013, the October 15, 2015 valuation reflects the changes attributable to Ordinance No. 69245 and Ordinance No. 69353.

Key changes to the Firemen's System are as follows:

- Firemen's System is frozen as of February 1, 2013. That is, benefits paid from Firemen's System will be based on the member's service and salary earned as of February 1, 2013. Participants with benefit service in the Firemen's System are classified as "grandfathered" participants.

- Firefighters hired after February 1, 2013, are not members of the Firemen's System.
- Vesting and eligibility service earned after February 1, 2013, in the newly established Firefighter's Plan will count towards vesting and eligibility service in Firemen's System.
- Ancillary benefits, for disability or death occurring after February 1, 2013, are assumed to be paid from the newly established Firefighter's Plan to the extent that benefits do not depend on service earned prior to February 1, 2013.
- Employer contributions to the frozen Firemen's System will continue to be calculated under the Frozen Initial Liability cost method.
- Member contributions after February 1, 2013, from "grandfathered" members in the Firemen's System will be paid to the Firefighter's Plan.
- Grandfathered Participants with 20 or more years of service as of February 1, 2013, are eligible to retire with unreduced Firefighter's Plan benefits if retirement commences before age 55.
- Grandfathered Participants with less than 20 years of service as of February 1, 2013, are eligible to retire with actuarially reduced Firefighter's Plan benefits if retirement commences before age 55.

As a result of Ordinance No. 63953, the following assumptions were made:

- Since benefits paid under Firemen's System will no longer depend on future salary increases, future salary increase assumptions have been eliminated in the projection of pay and valuation of benefits. Costs will continue to be spread over the present value of future salary which includes future salary increases.
- It is assumed that Grandfathered Participants with less than 20 years of service as of February 1, 2013 will not retire prior to age 55. The retirement rates were adjusted to reflect accelerated retirement when these members first become eligible at age 55.
- It was assumed the Firemen's System frozen benefit relating to service and pay as of February 1, 2013, will be used to offset post-retirement survivor benefits paid under Firefighter's Plan.
- The overall rates of disability were not changed, but the proportion of ordinary accidental disabilities was changed from 20% ordinary and 80% accidental to 60% ordinary and 40% accidental.

Plan liabilities for Firemen's System after Ordinance No. 63953 are predominantly for retired members and their beneficiaries. That is, the proportion of retired liabilities to total plan liabilities is projected to be over 80% within 10 years.

An agreement between the City and Firemen's System was reached regarding the recognition of City contributions under Ordinance No. 63953. The City made contributions to Firemen's System from February 1, 2013, to September 30, 2013. The contributions made for this period recognize the impact of Ordinance No. 63953, certain excess Firefighter's Plan City contributions were transferred from Firemen's System to Firefighter's Plan in the amount of \$6,883 equal to the Firefighter's Plan City required contribution for the period February 1, 2013, to

September 30, 2013 and a portion of the excess Firemen's System City contribution was credited towards the Firemen's System Entry Age Normal Agreement ("Fireman's Retirement EAN Note") with the City in the amount of \$3,396.

The Firemen's System, in accordance with Ordinance No. 62994, initiated during the Firemen's System's fiscal year ended August 31, 1994, the Deferred Retirement Option Plan ("FDROP"). The FDROP 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 FDROP account of the member, and the member's contribution will be reduced to 1% from the normal 8%. During participation in the FDROP plan, the member will not receive credit for employer contributions or credit for service. A member may participate in the FDROP only once for any period up to five years. At retirement, the funds in the member's FDROP account plus interest and accrued sick leave, if elected, is available to the member in a lump sum or in installments.

2) Funding Policy (FRS)

Firefighters contributed 8% of their salary to the Firemen's System, as mandated per State statute and adopted by City ordinance through February 1, 2013 (date frozen). The City is required to contribute the remaining amounts necessary to fund the Firemen's System.

3) Net Pension Liability (FRS)

The City's net pension liability for FRS was measured as of September 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2015.

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a)-(b)
Balances at September 30, 2014	\$ 451,542	\$ 494,440	\$ (42,898)
Changes for the year:			
Service cost	—	—	—
Interest	34,403	—	34,403
Differences between expected and actual experience	15		15
Assumption changes	43,915		43,915
Benefit payments	(34,856)	(34,856)	—
Net investment income	—	(10,932)	10,932
Transfer out due to settlement	—	—	—
Administrative expenses		(1,594)	1,594
Net changes	43,477	(47,382)	90,859
Balances at September 30, 2015	\$ 495,019	\$ 447,058	\$ 47,961

Significant actuarial assumptions used in the valuation of the Firemen's System are as follows:

Date of actuarial valuation	October 1, 2015
Actuarial cost method:	
GASB 67 reporting	Entry Age Normal
Funding	Entry Age - frozen initial liability
Amortization method/period	30-year closed period from establishment
Remaining amortization period	None - No unfunded actuarial liability
Asset valuation method	3-year smoothed market value
Inflation	3.00%
Investment rate of return	7.0%, net of investment and administrative expenses
Projected salary increases	Benefits frozen as of February 1, 2013; therefore no salary increases have been assumed
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Updated for the 2015 valuation pursuant to an experience study of the October 1, 2010, through September 30, 2014.
Mortality	RP2000 mortality table, sex distinct, with rates projected to 2015

b. Firefighters' Retirement Plan (Firefighter's Plan or FRP)

1) System Description (FRP)

The Firefighter's Plan administers a single employer defined benefit pension plan providing pension benefits to the City of St. Louis firefighters.

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

Effective February 1, 2013, benefit accruals under the Firemen's System were frozen. The Firefighter's Plan was established as of that date to provide retirement, disability and death benefits for service rendered after the effective date. Credited service accrued under the Firemen's System counts toward benefit accruals under the Firefighter's Plan, but benefits attributable to such services are offset by the benefits payable by the Firemen's System. Under the Firefighter's Plan, the plan provisions for members who were active as of February 1, 2013 ("Grandfathered Participants") are substantially the same as the plan provisions for the Firemen's System.

The Firefighter's Plan provides retirement benefits as well as death and disability benefits. Grandfathered Participants are those who were employed prior to February 1, 2013. Members can voluntarily retire after a minimum of 20 years of service and upon reaching the normal retirement age of 55. A member who has 20 years of service but has not yet reached the age of 55 may elect an early retirement with the normal retirement benefit deferred until reaching the age of 55. In lieu of a deferred retirement benefit, the member may elect to receive his/her retirement benefit beginning on his/her early retirement date or on the

first day of any month thereafter prior to reaching age 55 with such benefit actuarially reduced from age 55. A member hired on or after the effective date of February 1, 2013 who terminates employment after completing 10 years of service, but before completing 20 years of service, is eligible for a full unreduced pension beginning at age 62. Such a member may elect to receive a refund of his/her contributions, plus interest, in lieu of a pension benefit.

The monthly allowance is determined by the average final monthly compensation over the last 5 years of service. For Grandfathered Participants, the average is over the last 2 years of service. The monthly allowance consists of 40% of the applicable final 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 final average compensation for each additional year of service after 25 years with a maximum pension of 75%. Unused accrued sick pay accumulated before September 20, 2013 may increase the maximum pension beyond this limitation.

A grandfathered member with 20 or more years of credited service may elect to enter the DROP program and defer retirement for up to five years while continuing active employment. The benefit payments the participant would have received during that period are deposited into the FDROP account and earn interest at a rate equal to the percentage rate of return of the Trust Fund's investment portfolio for that year. After five years or termination from the FDROP plan, the participant may retire or return to regular active service. Upon termination of employment, the participant can choose to receive the FDROP account with interest earned. If the participant dies prior to termination of employment, the FDROP account is paid as a lump sum to the participant's beneficiary or estate. Active service while in the FDROP program is not included in the credited service used to calculate the participant's final benefit amount.

Those members who elect to participate will continue active employment, will have a service retirement allowance credited monthly in the FDROP account of the member, and the member's contributions will be reduced to 1% from the normal contribution percentage. During participation in the FDROP, the member will not receive credit for City 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 FDROP account plus: 1) interest and 2) accrued sick leave if elected is available to the member in a lump sum or in installments.

2) Funding Policy (FRP)

A grandfathered member with at least 20 years of service as of February 1, 2013, contribute 8% of their salary, after-tax. All other members contribute 9% of their salary, pre-tax. The City is required to contribute the remaining amounts necessary to fund Firefighter's Plan. All members who terminate employment before becoming eligible to receive a retirement benefit will receive a refund of all contributions plus interest. Members hired after February 1, 2013 who terminate employment before reaching age 55 and elect a refund of contributions in lieu of a pension benefit will also receive a refund of their contributions plus

interest, as will Grandfathered Participants who terminate employment before completing 20 years of service. Contributions to the Firefighter's Plan made on or after the inception of the Firefighter's Plan are not refundable to a member who receives a service retirement benefit, ordinary disability benefit, or a service connected disability benefit, except that contributions to the Firefighter's Plan by a grandfathered member with at least 20 years of service as of inception who receives a service retirement benefit are refundable without interest.

An agreement between the City and the Firemen's System was reached regarding the recognition of City contributions under Ordinance No. 69353. The City made contributions to the Firemen's System from February 1, 2013, to September 30, 2013. The contributions for this period recognize the impact of Ordinance No. 69353, certain excess Firemen's System City contributions were transferred from the Firemen's System to the Firefighter's Plan in the amount of \$6,883 to the Firefighter's Plan City required contribution for the period February 1, 2013, to September 30, 2013 and a portion of the excess Firemen's System City contribution was credited towards the Firemen's System Entry Age Normal Agreement ("*Fireman's Retirement EAN Note*") with the City in the amount of \$3,396.

3) Net Pension Liability (FRP)

The City's net pension liability for FRP was measured as of September 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2015.

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a)-(b)
Balances at September 1, 2014	\$ 52,268	\$ 19,859	\$ 32,409
Changes for the year:			
Service cost	6,227	—	6,227
Interest	6,146	—	6,146
Benefit changes	979		979
Differences between expected and actual experience	1,179	—	1,179
Benefit payments	(263)	(263)	—
Assumption changes	22,244		22,244
Contributions – employer	—	8,507	(8,507)
Contributions – employee	—	2,829	(2,829)
Net investment income	—	(843)	843
Administrative expenses		(313)	313
Net changes	36,512	9,917	26,595
Balances at September 1, 2015	\$ 88,780	\$ 29,776	\$ 59,004

The following were some of the significant actuarial assumptions used in the valuation of the Firefighter's Plan:

Date of actuarial valuation	October 1, 2015
Actuarial cost method	30-year closed period from establishment
GASB 67 reporting	Entry Age Normal
Funding	Entry Age Normal
Remaining amortization period	Started February 1, 2013
Asset valuation method	Market value
Inflation	3.00%
Investment rate of return	7.625%, net of investment and administrative expenses
Projected salary increases	Varies based on employee's years of service
Mortality	RP-2000 mortality table, sex distinct, with rates projected to 2015

c. Police Retirement System of St. Louis (Police System or PRS)

1) System Description (PRS)

All persons who become police officers and all police officers who enter or reenter St. Louis Police Department after October 1, 1957 become members of the Police System and are thereby eligible to participate from their date of hire. The Police System issues a publicly available financial report that includes financial statements and supplementary information. That information may be obtained by writing to the Police Retirement System of St. Louis, 2020 Market Street, St. Louis, Missouri 63103.

The Police System provides retirement benefits as well as death and disability benefits. Members can voluntarily retire after a minimum of 20 years of service or attaining age 55. The monthly allowance consists of 40% of the two-year average final compensation for the first 20 years of services, plus 2% of such final average compensation for each of the next five years of service, plus 4% of average final compensation for each additional year of service after 25 years up to a maximum of 30 years. The monthly allowance of members who have in excess of 30 years of service is increased by 5%. The maximum pension is 75% of average final compensation. Such benefits are established by State statute.

The Police System implemented a Deferred Retirement Option Plan ("PDROP") feature during the Police System's fiscal year ended September 30, 1996. The PDROP option is available to members of the Police System who have at least 20 years of creditable service and have achieved eligibility for retirement. Those members who elect to participate will continue active employment, will have a service retirement allowance credited monthly in the PDROP account, and will no longer make contributions to the Police System. During participation in the PDROP, the member will not receive credit for service, and the member shall not share in any benefit improvement that is enacted or becomes effective while such member is participating in the PDROP. A member may participate in the PDROP only once for any period up to five years, at which point the member may reenter the Police System. At retirement, the funds in the member's PDROP account, plus interest are available to the member in a lump sum or in installments.

2) Funding Policy (PRS)

Police officers are required to contribute 7% of their compensation to the Police System per State statute. The City is required to contribute the remaining amounts necessary to fund the Police System, determined in accordance with State statute. Upon leaving employment due to service retirement, death, or disability due to an accident in the actual performance of duty, the member's contributions are refunded without interest. Members whose employment is terminated or who resign prior to retirement, are entitled to a lump-sum distribution of their contribution, plus interest thereon.

3) Net Pension Liability (PRS)

The City's net pension liability for PRS was measured as of September 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2015.

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a)-(b)
Balances at September 30, 2014	\$ 919,906	\$ 729,066	\$ 190,840
Changes for the year:			
Service cost	12,978	—	12,978
Interest	66,579	—	66,579
Difference between expected and actual experience	(2,041)	—	(2,041)
Change in assumption	16,249	—	16,249
Benefit payments	(69,533)	(69,533)	—
Contributions – employer	—	30,600	(30,600)
Contributions – employee	—	4,488	(4,488)
Net investment income	—	(8,326)	8,326
Administrative expenses	—	(1,400)	1,400
Net changes	24,232	(44,171)	68,403
Balances at September 30, 2015	\$ 944,138	\$ 684,895	\$ 259,243

The following were some of the significant actuarial assumptions used in the valuation of the Police System:

Date of actuarial valuation	October 1, 2015
Actuarial cost method	
GASB 67 reporting	Entry age normal
Funding	Aggregate, reduced by employee contributions
Amortization method/period	None - aggregate is funded over the future working lifetime of current participants
Asset valuation method	5-year smoothed market
Inflation	2.5%
Investment rate of return	7.75%, net of 0.15% administrative expenses
Projected salary increases	3.0% – 6.5%, varying by age
Mortality (Ordinary)	RP-2000 Blue Collar Combined projected to 2018
Mortality (Accidental)	0.03% per year for all ages in addition to ordinary mortality
Mortality (Disabled)	RP-2000 Disabled Retiree Mortality projected to 2018

d. Employees' Retirement System of the City of St. Louis (Employee's System or ERS)

1) System Description (ERS)

All non-uniformed employees of the City and certain other public entities funded by or providing services to residents of the City 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 with 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 of 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 at least 20 years of creditable service; or at any age with 30 years of creditable service. The monthly pension benefits of all retirees or their beneficiaries are adjusted accordingly 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 ("EDROP"), 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 EDROP account monthly. The EDROP account will not be adjusted for cost of living increases as the normal retirement benefits are. The EDROP 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 EDROP participants enrolling February 1, 2003 and thereafter. After the member completely terminates employment, the member can withdraw amounts from the EDROP account in a lump sum or according to a deferred retirement payment plan.

2) Funding Policy (ERS)

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 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 of the Employees' System based on an actuarial study. The Board of Trustees established the required employer contributions rate based on active member payroll of 13.86% effective July 1, 2015, and 15.17% of active member payroll effective July 1, 2014.

Employees who became members of the Employees' System prior to October 14, 1977, and continued to make contributions, may make voluntary contributions to the Employees' System equal to 3% of their 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.

3) Net Pension Liability (ERS)

The City reported liability of \$189,687 for its proportionate share of the net pension liability as of September 30, 2015. The net pension liability for ERS was measured as of September 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2015. The City's proportion of the net pension liability was based on the City's share of contributions to the Employees' System relative to the contributions of all Employees' System participating employers. At September 30, 2015, the City's collective proportion was 83.52%, which was a decrease of 0.38 from its proportion measured as of September 30, 2014.

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

Date of actuarial valuation	October 1, 2015
Actuarial cost method	Entry age normal
Amortization method	Layered 20-year amortization of unfunded liability
Asset valuation method	5-year smoothed
Inflation	3.0%
Discount rate	8.00%
Projected salary increases	varies by age, ranging from 3.00% to 4.25%
Mortality(Healthy)	RP-2000 Healthy Mortality 3-year set-forward with generational projections using scale AA
Mortality(Disabled)	RP-2000 Disabled Mortality 3-year set-forward with generational projections using scale AA

Actuarial Methods and Assumptions

The projection of future benefit payments for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and includes the types of benefits provided at the time of each valuation, as amended for significant changes to the plan that would impact the valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

LITIGATION

General

The City is involved in various claims and lawsuits arising in the ordinary course of business that are covered by insurance or that the City does not believe to be material. As noted above, when no independent insurance coverage exists, payments of settlements and judgments are administered by PFPC, the City's self-insurance plan. The Law Department prepares vouchers for such payments which are submitted to the Comptroller's Office and drawn on PFPC's account.

Specific

On December 22, 2011, a lawsuit styled *Tanisha Ross-Paige v. the St. Louis Board of Police Commissioners* was filed in the Twenty Second Judicial Circuit Court of the State of Missouri by Tanisha Ross-Paige, a former police officer, against the St. Louis Board of Police Commissioners, claiming that her supervising sergeant sexually harassed her and that she suffered retaliation for complaining about the conduct. On March 21, 2014, the jury awarded Ms. Ross-Paige \$7.5 million in damages, consisting of \$300,000 in compensatory damages and \$7.2 million in punitive damages. The verdict is against the St. Louis Board of Police Commissioners, a State agency, based on allegations made before the State turned over control of the police department to the City in 2013. Subsequent to the verdict, the Court awarded attorneys' fees and costs of \$214,525, but reduced the punitive damages to \$2,550,950. The St. Louis Board of Police Commissioners appealed the judgments to the Court of Appeals, which upheld the judgments. The Missouri Supreme Court has accepted transfer and the matter is currently pending before such Court. The State is responsible for paying up to one half of the costs of such verdict up to a Fiscal Year total of \$1 million, with the City responsible for the balance. After taking into account contributions by the State, the City's exposure may be up to approximately \$1.1 million. The City believes that it has adequate reserves in its self-insurance program to cover any of its exposure on this matter.

In 2012, a lawsuit styled *David Bonenberger v. St. Louis Metropolitan Police Department, et al.*, was filed in federal court in the Eastern District of Missouri by Mr. Bonenberger, a police officer alleging discrimination based on his race (Caucasian) in connection with his failure to be granted a transfer that he requested. On August 21, 2013, the jury awarded Mr. Bonenberger \$200,000 actual damages and \$420,000 punitive damages against the Board of Police Commissioners, a state agency, and three individuals, based on actions taken before the State turned over control of the police department to the City in September 2013. Subsequent to the verdict, the Court awarded Mr. Bonenberger \$172,654 in attorneys' fees and costs. The judgments were appealed to the Eighth Circuit and in January 2016 were upheld. The judgments were not appealed further. The judgments have been paid in full, including any post judgment interest or attorneys' fees related to the appeal. The City paid its portion of the judgment out of its self-insurance program.

In addition, certain litigation relating to the City involves the possibility of lost revenue rather than awards of monetary damages. One such suit challenges the validity of the City's Payroll Tax, which generates approximately \$38 million in annual revenue. The suit, styled *Neuner, et al. v. City of St. Louis, et al.*, Case no. 1622-CC00219, was filed on February 1, 2016 in State court. The City and its Collector of Revenue, among others, are defending the case. Another such suit involves the City's red light camera ordinance, which authorized the issuance of red light violation citations to the owner of a vehicle based on camera recordings of such vehicle violating a red light. The City's red light ordinance was found to be invalid, resulting in a temporary loss of net revenue to the City in the approximate amount of \$2 million to \$3 million per year. However, based on the court ruling, a new red light camera ordinance may be introduced for approval and, if so approved, the revenue loss would only be temporary.

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APPENDIX B

**INDEPENDENT AUDITOR'S REPORT AND BASIC FINANCIAL STATEMENTS OF THE
CITY OF ST. LOUIS, MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2015**

NOTE:

**KPMG LLP, THE CITY'S INDEPENDENT AUDITOR, HAS NOT BEEN
ENGAGED TO PERFORM AND HAS NOT PERFORMED, SINCE THE DATE
OF ITS REPORT INCLUDED HEREIN, ANY PROCEDURES ON THE
FINANCIAL STATEMENTS ADDRESSED IN THAT REPORT. KPMG LLP
ALSO HAS NOT PERFORMED ANY PROCEDURES RELATING TO THIS
OFFICIAL STATEMENT.**

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KPMG LLP
Suite 900
10 South Broadway
St. Louis, MO 63102-1781

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of St. Louis, Missouri, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of St. Louis, Missouri's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the pension trust funds and the St. Louis Development Corporation discretely presented component unit. The assets and revenues (additions) of the pension trust funds represent 90% and 50% of the assets and revenues (additions), respectively, of the aggregate remaining fund information. The assets and revenues of the St. Louis Development Corporation represent 89% and 98% of the assets and revenues, respectively, of the aggregate discretely presented component units. The financial statements of the pension trust funds and the St. Louis Development Corporation were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts for those funds and discretely presented component unit, is based solely on the reports of the other auditors. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the pension trust funds were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal



control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of St. Louis, Missouri, as of June 30, 2015, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in note 1, effective July 1, 2014, the City of St. Louis, Missouri implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 4 through 20, the Budgetary Comparison Information on pages 133 through 138, and the Retirement Systems and Other Postemployment Benefit Plan Information on pages 139 through 147 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We, and the other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of St. Louis, Missouri's basic financial statements. The Combining and Individual Fund Financial Statements and Schedules – Additional Supplementary Information, and the Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Fund Financial Statements and Schedules – Additional Supplementary Information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements



themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of other auditors, the Combining and Individual Fund Financial Statements and Schedules – Additional Supplementary Information are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2016 on our consideration of the City of St. Louis, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of St. Louis, Missouri's internal control over financial reporting and compliance.

KPMG LLP

St. Louis, Missouri
January 26, 2016

<p style="text-align: center;">CITY OF ST. LOUIS, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED JUNE 30, 2015</p>
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As management of City of St. Louis, Missouri (the City), we offer readers of the City's Comprehensive Annual Financial Report this narrative overview and analysis of the City for the fiscal year ended June 30, 2015. The information presented here should be read in conjunction with our letter of transmittal and the City's basic financial statements including the notes to the financial statements. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS (excluding discretely presented component units)

- On a government-wide basis, the City's total assets and deferred outflow of resources exceeded its liabilities for the current fiscal year by \$829.0 million.
- Governmental activities and business-type activities had a net position of (\$473.9) million and \$1.3 billion, respectively.
- As of July 1, 2014, the City implemented GASB 68, *Accounting and Financial Reporting for Pensions*. The impact of implementing GASB 68, was a cumulative effect of change in accounting principle of \$289.5 million for governmental activities and \$22.2 million for business-type activities.
- The cost of services for the City's governmental activities was \$741.8 million in fiscal year 2015 (excluding interest and fiscal charges).
- As of June 30, 2015, the City's governmental funds reported combined ending fund balances of \$150.5 million. Of this amount, (\$18.2) million is unassigned fund balance.
- In fiscal year 2015, the City issued \$88.9 million in long-term debt to finance projects and refund debt in governmental activities and \$25.3 million in long-term debt for business-type activities.
- Development and tax increment financing (TIF) debt increased liabilities in the amount of \$40.0 million. There is no related asset for TIF debt, so net increases in TIF debt reduce unrestricted net position by an equal amount.

<p style="text-align: center;">CITY OF ST. LOUIS, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED JUNE 30, 2015</p>
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OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and supplementary and other information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances using accounting methods similar to those used by private sector business.

The **Statement of Net Position** presents information on all of the City's assets, deferred outflow of resources, liabilities, and net position. Increases and decreases in net position may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating.

The **Statement of Activities** presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus revenues and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and inter-governmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities).

The governmental activities of the City include general government, convention and tourism, parks and recreation, judicial, streets, public safety (fire, police, other), health and welfare, public service, and community development, as well as, interest and fiscal charges. The business-type activities of the City include an airport, water division, and parking division.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate redevelopment agency and a legally separate corporation that owns and leases the downtown steam loop. Financial information for these component units is reported separately from the financial information presented for the primary government.

Included in the financial statements are the operations of the Public Facilities Protection Corporation (PFPC), St. Louis Municipal Finance Corporation, St. Louis Parking Commission Finance Corporation, and Grand Center Municipal Parking Finance Corporation as blended component units.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

CITY OF ST. LOUIS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2015

1. *Governmental Funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of a fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds according to their type (general, special revenue, debt service, and capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects fund, and grants fund, which are considered to be major funds. Individual fund data for each of the non-major governmental funds is provided in the form of additional supplementary information as combining statements.

2. *Proprietary Funds.* Proprietary funds offer short-term and long-term financial information about services for which the City charges customers, both external customers and internal departments of the City. The City maintains the following two types of proprietary funds:
 - *Enterprise Funds* are used to report information similar to business-type activities in the government-wide financial statements. The City uses the enterprise funds to account for the operations of the Lambert-St. Louis International Airport (Airport), Water Division, and the Parking Division.
 - *Internal Service Funds* are used to report activities that provide supplies and services for certain City programs and activities. The City uses internal service funds to account for its mail handling services, for payment of workers' compensation and various other claims, health insurance, and equipment service.
3. *Fiduciary Funds.* Fiduciary funds are used to account for resources held for the benefit of individuals or units outside of the City. The City is the trustee or fiduciary responsible for assets that can be used only for the trust beneficiaries per trust arrangements. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The City's pension trust funds and agency funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements.

<p style="text-align: center;">CITY OF ST. LOUIS, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED JUNE 30, 2015</p>
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Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and notes to the financial statements, this report presents required supplementary information concerning the City's budgetary comparisons for the general fund and required supplementary information pertaining to the Firemen's Retirement System of St. Louis, the Firefighter's Retirement Plan of the City of St. Louis, the Police Retirement System of St. Louis and the Employees' Retirement System of the City of St. Louis pension trust funds and other post-employment benefits.

<p align="center">CITY OF ST. LOUIS, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED JUNE 30, 2015</p>

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position: The City's combined net position for fiscal year 2015 was \$829.0 million. Beginning of year net position for 2014 of \$1.1 billion was adjusted by \$312 million due to the implementation of GASB 68 as of July 1, 2014, resulting in adjusted beginning of year net position of \$829.1 million. Looking at the net position of governmental and business-type activities separately provides additional information.

The City of St. Louis, Missouri
Schedule of Net Position Summary
June 30, 2015 and 2014
(dollars in millions)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	\$ 398.4	400.1	382.6	372.6	781.0	772.7
Capital assets	839.4	863.8	1,841.2	1,855.4	2,680.6	2,719.2
Deferred outflow of resources	33.5	4.3	24.6	23.1	58.1	27.4
Total assets and deferred outflow of resources	1,271.3	1,268.2	2,248.4	2,251.1	3,519.7	3,519.3
Liabilities						
Long-term liabilities	1,556.2	1,267.7	882.6	897.4	2,438.8	2,165.1
Other liabilities	167.9	150.4	59.2	62.9	227.1	213.3
Deferred inflow of resources	21.1	0.0	3.7	0.0	24.8	0.0
Total liabilities and deferred inflow of resources	1,745.2	1,418.1	945.5	960.3	2,690.7	2,378.4
Net position						
Net investment in capital assets	544.3	535.0	1,055.5	1,033.7	1,599.8	1,568.7
Restricted	22.3	32.3	138.6	148.2	160.9	180.5
Unrestricted (deficit)	(1,040.4)	(717.2)	108.8	108.9	(931.6)	(608.3)
Total net position	\$ (473.8)	(149.9)	1,302.9	1,290.8	829.1	1,140.9

ANALYSIS OF NET POSITION

As noted earlier, net position may serve as a useful indicator of a government's financial position. For the City, assets and deferred outflow of resources exceeded liabilities by \$829.1 million at the close of the most recent fiscal year.

The largest portion of the City's net position consists of its net investment in capital assets (for example, infrastructure, land, buildings, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in its capital

CITY OF ST. LOUIS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2015

assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

Included in the City's total net position at the end of fiscal year 2015 and fiscal 2014, respectively, is \$160.9 million and \$180.5 million, which represent resources that are subject to external restrictions on how they may be used.

Total unrestricted net position decreased by \$323.3 million for the year ended June 30, 2015. Unrestricted governmental activities net position showed a \$1,040.4 million deficit at the end of 2015 as compared with a \$717.2 million deficit in 2014. This deficit does not mean that the City does not have resources available to pay its bills next year. Rather, it is the result of having long-term commitments that are greater than currently available resources. For example, the City's policy and practice is to budget for certain long-term expenses as they come due. Specifically, the City did not include in past annual budgets the full amounts needed to finance future liabilities arising from property and casualty claims and amounts to pay for unused employee vacation and sick days. The City will continue to include these amounts in future year's budgets as they come due.

In addition, five particular features of the City's recent financial activity affected the deficit in unrestricted governmental net position. These activities over the past several years reflect debt to provide development stimulus for which the City received no offsetting asset. They include the following:

- Section 108 loan agreements, \$31.4 million
- Joint venture financing agreement for the expansion of the convention center, \$33.4 million
- Obligations with component unit for the convention center hotel, \$35.3 million
- Obligations with component units for downtown development, \$16.1 million
- Redevelopment and Tax increment financing debt for economic development projects in the amount of \$340.3 million

Although the net position of the business-type activities account for the majority of overall net position, these resources cannot be used to make up for the unrestricted net position deficit in governmental activities. The City generally can only use the net position to finance the continuing operations of the Airport, Water Division, and the Parking Division.

<p align="center">CITY OF ST. LOUIS, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED JUNE 30, 2015</p>

The City of St. Louis, Missouri
Changes in Net Position
For the Fiscal Years ended June 30, 2015 and 2014
(dollars in millions)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 129.9	137.5	235.3	238.4	365.2	375.9
Operating grants and contributions	60.8	57.2	1.3	0.7	62.1	57.9
Capital grants and contributions	8.0	5.6	23.6	16.7	31.6	22.3
General revenues:						
Taxes	559.2	559.2	—	—	559.2	559.2
Investment income	0.4	0.4	3.0	1.8	3.4	2.2
Total revenues	<u>758.3</u>	<u>759.9</u>	<u>263.2</u>	<u>257.6</u>	<u>1,021.5</u>	<u>1,017.5</u>
Expenses:						
General government	58.7	94.8	—	—	58.7	94.8
Convention and tourism	5.8	5.7	—	—	5.8	5.7
Parks and recreation	30.1	31.8	—	—	30.1	31.8
Judicial	50.7	52.0	—	—	50.7	52.0
Streets	73.4	69.6	—	—	73.4	69.6
Public safety:						
Fire	64.7	86.1	—	—	64.7	86.1
Police	202.1	209.8	—	—	202.1	209.8
Other	58.7	59.3	—	—	58.7	59.3
Health and welfare	54.1	49.6	—	—	54.1	49.6
Public service	78.0	76.9	—	—	78.0	76.9
Community development	65.5	35.2	—	—	65.5	35.2
Interest and fiscal charges	60.6	58.0	—	—	60.6	58.0
Airport	—	—	160.2	175.1	160.2	175.1
Water Division	—	—	46.8	50.2	46.8	50.2
Parking Division	—	—	13.9	14.0	13.9	14.0
Total expenses	<u>802.4</u>	<u>828.8</u>	<u>220.9</u>	<u>239.3</u>	<u>1,023.3</u>	<u>1,068.1</u>
Excess (deficiency) before extraordinary items and transfers	<u>(44.1)</u>	<u>(68.9)</u>	<u>42.3</u>	<u>18.3</u>	<u>(1.8)</u>	<u>(50.6)</u>
Extraordinary items	—	—	1.7	7.6	1.7	7.6
Transfers	9.6	9.4	(9.6)	(9.4)	—	—
Change in net position	<u>(34.5)</u>	<u>(59.5)</u>	<u>34.4</u>	<u>16.5</u>	<u>(0.1)</u>	<u>(43.0)</u>
Net position-beginning of year	<u>(149.9)</u>	<u>39.1</u>	<u>1,290.8</u>	<u>1,288.4</u>	<u>1,140.9</u>	<u>1,327.5</u>
Cumulative effect of change in accounting principles	<u>(289.5)</u>	<u>(129.5)</u>	<u>(22.3)</u>	<u>(14.2)</u>	<u>(311.8)</u>	<u>(143.7)</u>
Net position-beginning of year, adjusted	<u>(439.4)</u>	<u>(90.4)</u>	<u>1,268.5</u>	<u>1,274.2</u>	<u>829.1</u>	<u>1,183.8</u>
Net position-end of year	<u>\$ (473.9)</u>	<u>(149.9)</u>	<u>1,302.9</u>	<u>1,290.7</u>	<u>829.0</u>	<u>1,140.8</u>

CITY OF ST. LOUIS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2015

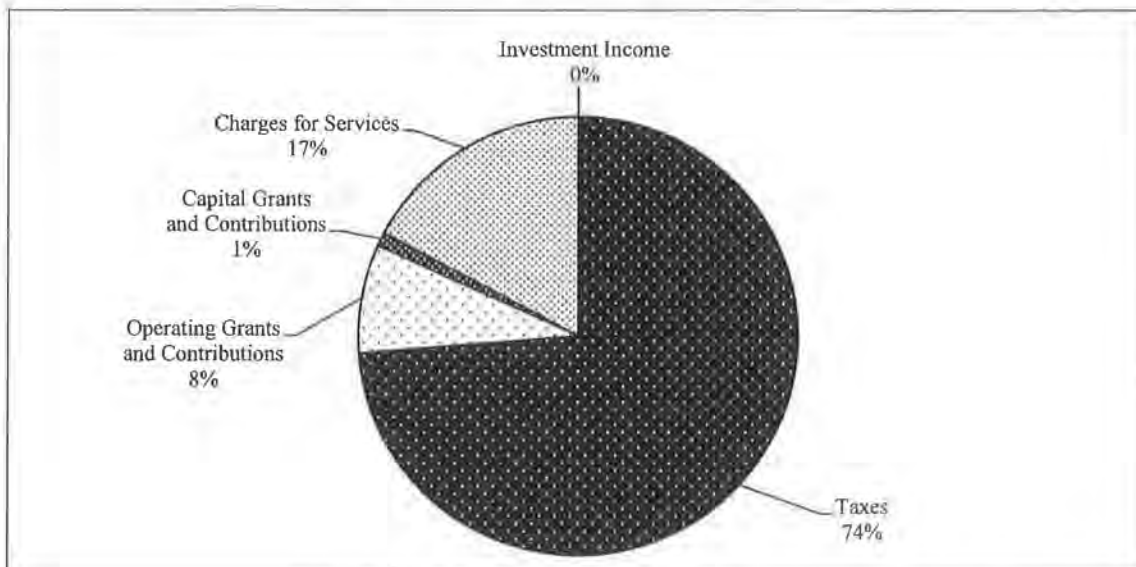
Changes in net position. The City's total revenue on a government-wide basis was \$1,021.5 million, an increase of \$4.0 million over the previous year. Taxes represent 54.7% of the City's revenue as compared with 54.9% last year. Additionally, 35.8% comes from fees charged for services, as compared to 37.0% of the previous year's revenue. The remainder is state and federal aid, interest earnings, and miscellaneous revenues.

The total cost of all programs and services was \$1,023.3 million, an decrease from \$1,068.1 million last fiscal year. The City's expenses cover a range of typical City/county services. The largest program was the Airport. The program with the largest burden on general revenues was public safety.

The cumulative effect of change in accounting principle in the government-wide due to implementation of GASB 68, reduced the beginning balance by \$311.8 million.

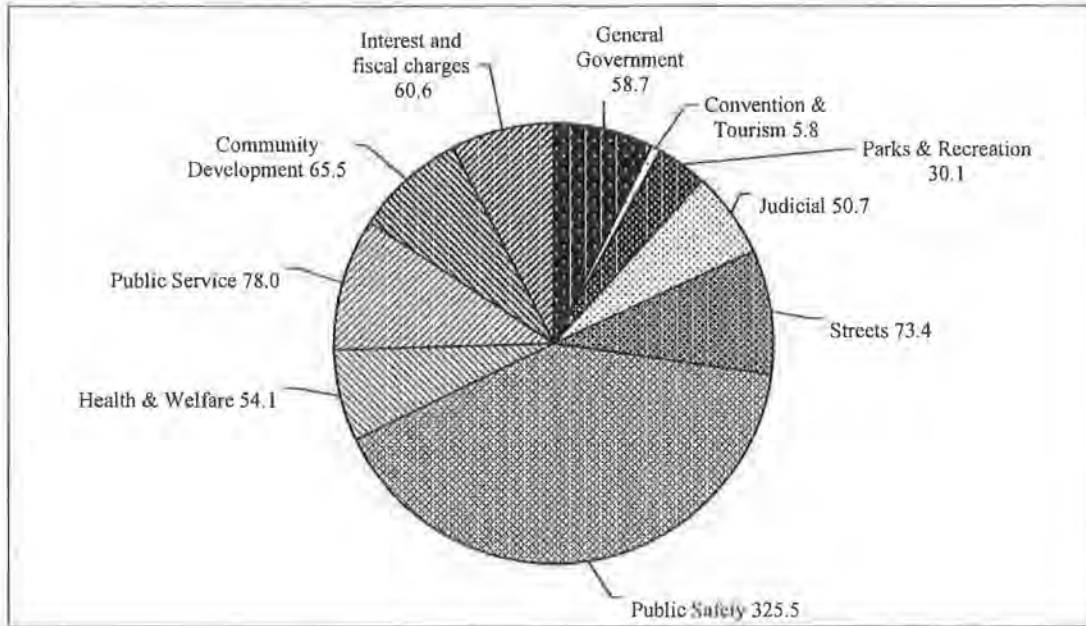
Governmental activities. As a result of this year's operations, the net position of governmental activities decreased by \$34.5 million or 23% without taking into account the cumulative effect of change in accounting principle. The net position decrease is primarily related to the City issuing TIF debt recorded in community development which increased expenses. Revenues decreased by \$1.6 million or 0.2%. Total expenses decreased by \$26.4 million or 3.2%. General government expenditures decreased by \$36.1 million or 38.1% due to expenses associated with the City assuming control of the Police Department that were recorded in fiscal year 2014. Community development expenses increased due to a tax increment financing debt issuance in fiscal year 2015.

The following chart reflects the revenues by type as a percentage of total revenues for governmental activities for fiscal year 2015.



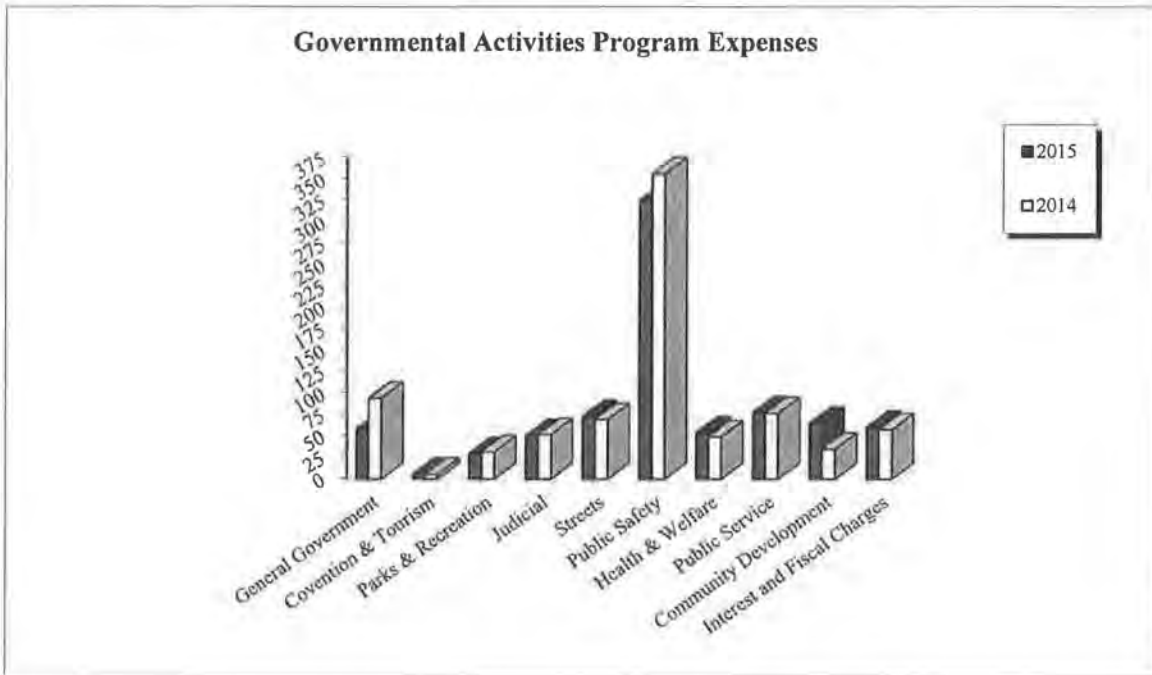
CITY OF ST. LOUIS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2015

The following chart illustrates the City's governmental activities expenses by program. Total cost of governmental activities was \$802.4 million, an decrease of \$26.4 million or 3.2% over the prior year. As shown, public safety is the largest function in expense (40.6%). The majority of the spending was the result of funding Police of \$202.1 million and Streets of \$73.4 million.



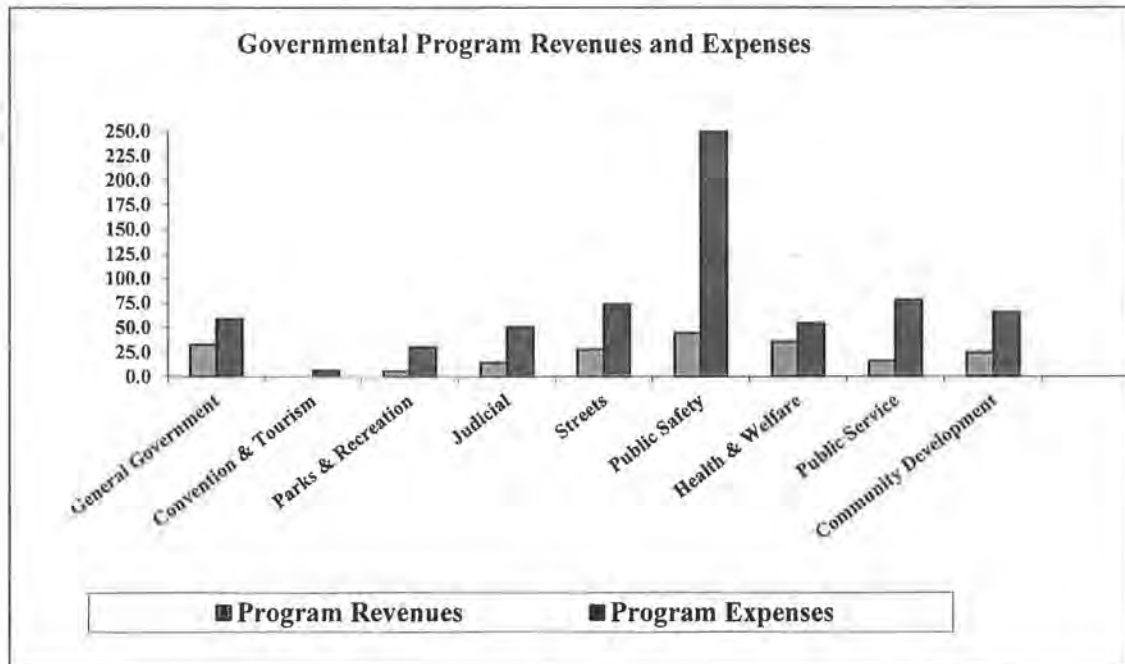
CITY OF ST. LOUIS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2015

The following chart is a comparison of expense of governmental activities for fiscal years ended 2015 and 2014.



**CITY OF ST. LOUIS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2015**

The following chart depicts the total expenses and total program revenues of the City's governmental functions for the year ended June 30, 2015.



**The City of St. Louis, Missouri
Governmental Activities
(dollars in millions)**

	Total Cost of Services		Net Costs of Services	
	2015	2014	2015	2014
General government	\$ 58.7	94.8	26.1	59.2
Convention and tourism	5.8	5.7	5.8	5.7
Parks and recreation	30.1	31.8	24.8	25.0
Judicial	50.7	52.0	36.6	27.0
Streets	73.4	69.6	45.9	42.8
Public Safety:				
Fire	64.7	86.1	51.4	74.9
Police	202.1	209.8	193.0	201.1
Other	58.7	59.3	37.0	35.6
Health and welfare	54.1	49.6	18.9	18.8
Public service	78.0	76.9	62.4	68.5
Community development	65.5	35.2	41.1	11.7
Totals	\$ 741.8	770.8	543.0	570.3

CITY OF ST. LOUIS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2015

The preceding charts represent the cost of governmental activities this year excluding interest and fiscal charges. The cost this year was \$741.8 million compared with \$770.8 million last year. However, as shown in the statement of activities, the amount that our taxpayers ultimately financed for these activities through City taxes was \$559.2 million. The primary difference of \$182.6 million comprises charges for services (\$129.9 million), operating grants and contributions (\$60.8 million), and capital grants and contributions (\$8.0 million).

Business-Type activities. Business-type activities reflect an increase in net position of \$34.4 million or 2.7%.

Lambert – St. Louis International Airport. The net position of the Airport increased by \$13.6 million or 1.3% after considering the cumulative effect of a change in accounting principle of \$13.4 million. The operating income was \$16.0 million this year versus operating income of \$4.7 million in 2014. Total operating revenues for 2015 was \$140.2 million. Of this amount, major sources of operating revenue included aviation revenues (64.8%), concessions (18.3%), parking, net (13.5%), and lease revenue (3.4%). A significant non-operating revenue is passenger facility charges which accounts for \$24.2 million.

At June 30, 2015, the capital assets balance was \$1,617.0 million. This amount includes buildings and structures (net of accumulated depreciation) of \$274.2 million, pavings with \$551.8 million, and equipment with \$23.8 million, all net of accumulated depreciation. Land is \$751.5 million, construction in progress is \$12.2 million, and easements is \$3.5 million.

At June 30, 2015, the Airport had bonded debt of \$757.7 million.

Water Division. The net position of the Water Division increased by \$4.8 million or 5.9%, after considering the cumulative effect of a change in accounting principle of \$7.7 million. Operating income was \$7.4 million this year versus an operating income of \$6.2 million in 2014. Total operating revenues for 2015 was \$53.8 million. Of this amount, major sources of operating revenue included metered revenue (41.4%) and flat rate revenue (46.7%).

At June 30, 2015, the capital assets balance was \$150.1 million. This amount includes buildings and structures (net of accumulated depreciation) with \$15.2 million, reservoirs and water mains, lines and accessories with \$96.7 million, equipment with \$33.4 million, land with \$1.2 million, and construction-in-progress with \$3.6 million.

At June 30, 2015, the Water Division had bonded debt of \$2.3 million.

Parking Division. The net position of the Parking Division increased by \$1.3 million or 4.1%, after considering the cumulative effect of a change in accounting principle of \$1.2 million. Operating income was \$6.1 million in fiscal year 2015 and \$5.1 million in fiscal year 2014. Total operating revenues for 2015 was \$16.1 million. Of this amount, major sources of operating revenue included parking meter revenue (14.7%), parking violations notices revenue (25.3%), and parking facilities revenue (56.5%).

At June 30, 2015, the capital assets balance was \$74.1 million. This amount includes buildings and parking garages (net of accumulated depreciation) with \$48.9 million, parking meters and lot equipment with \$1.9 million, equipment with \$0.4 million, and land with \$22.9 million.

<p align="center">CITY OF ST. LOUIS, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED JUNE 30, 2015</p>

At June 30, 2015, the Parking Division had bonded debt of \$73.7 million.

The City of St. Louis, Missouri
Balance Sheet
Governmental Funds
June 30, 2015
(dollars in millions)

	<u>2015</u>	<u>2014</u>	<u>2015 vs. 2014</u> <u>\$ Change</u>	<u>2015 vs. 2014</u> <u>% Change</u>
Total assets	\$ 357.2	359.7	(2.5)	-0.7%
Total liabilities	98.0	89.5	8.5	9.5%
Deferred inflow of resources	93.8	91.7	2.1	—%
Fund balance:				
Restricted	101.8	114.7	(12.9)	-11.2%
Committed	73.2	73.6	(0.4)	-0.5%
Assigned	8.6	11.6	(3.0)	-25.9%
Unassigned	(18.2)	(21.4)	3.2	-15.0%
Total fund balance	165.4	178.5	(13.1)	-7.3%
Total liabilities, deferred inflow of resources, and fund balance	\$ 357.2	359.7	(2.5)	-0.7%

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The focus of the City's governmental funds is to provide information on inflows, outflows and balances of current financial resources that are available for spending. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$0.

The total fund balance in the City's general fund decreased by \$7.1 million or 19.8% in the current fiscal year. The City's general fund decreased by \$18.9 million or 34.6% in the prior fiscal year.

The total fund balance in the City's capital projects fund decreased by \$3.9 million or 6.8% in the current fiscal year. The City's capital projects fund increased by \$31.4 million or 119.1% in the prior fiscal year.

The grants fund received \$60.8 million in intergovernmental revenues that funded community development in the amount of \$17.4 million, or 28.9%, and health and welfare in the amount of \$33.8 million, or 55.6% in the current fiscal year. In the prior fiscal year, the grants fund received \$57.2 million in intergovernmental revenues that funded community development in the amount of \$16.9 million, or 29.5%, and health and welfare in the amount of \$28.9 million, or 50.5% in the prior fiscal year.

The total fund balance in the City's other governmental funds decreased by \$355 thousand or 0.4 % in the current fiscal year. The City's other governmental funds increased by \$658 thousand or 0.8 % in the prior fiscal year.

<p style="text-align: center;">CITY OF ST. LOUIS, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED JUNE 30, 2015</p>
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Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net position for the Airport was \$68.9 million, the Water Division was \$24.7 million, and the Parking Division was \$15.3 million, as compared with \$65.9 million, \$27.8 million, and \$15.2 million, respectively in 2014. The total increase in net position for the enterprise funds was \$12.1 million in the current year, after considering the cumulative effect of change in accounting principle – an increase of \$9.7 million from the previous year.

Fiduciary Funds

The City maintains fiduciary funds for the assets of the pension trust funds for the Firemen's Retirement System, the Firefighters' Plan, the Police Retirement System, and the Employee's Retirement System. As of the end of the current fiscal year, the net position of the pension funds totaled \$2.0 billion, an increase of \$93 million from the previous year.

The City is the custodian of the agency funds and the most common use of agency funds is for pass-through activity. Since, by definition, all assets of the agency funds are held for the benefit of other entities, there is no net position to discuss. As of the end of the current fiscal year, the combined gross assets of the agency funds totaled \$48.6million. This amount comprises activity from the collector of revenue, property tax escrow, general insurance, bail bonds, license collector, and circuit clerk, and other miscellaneous agency activities.

General Fund Budgetary Highlights

The final budget for the City's general fund represents the original budget plus any previously appropriated funds set aside for the purpose of honoring legally incurred obligations (prior year encumbrances and commitments) plus any additional supplemental appropriations that may occur during the fiscal year.

This discussion presents the budget information on the budgetary basis as the Board of Alderman approves the budget.

The original general fund revenue estimate including transfers in, totaled \$484.4 million. Actual results for the fiscal year's revenues and transfers in were \$489.2 million, which was above the original estimates by \$4.8 million.

The original general fund expense budget was \$489.5 million including transfers out. This also includes prior year encumbrances and commitments of \$6.1 million set aside and reappropriated. Actual expenditures and transfers out totaled \$488.1 million. This includes expenditures of \$3.6million from prior year encumbrances and commitments. The encumbrances and commitments carried over into the next fiscal year in regard to the fiscal year 2015 budget total \$1.6million. The general fund ended the fiscal year with a budget-basis-operating surplus of \$1.1 million. In addition, a transfer out of \$1.0 million was made to a 27th Pay Reserve. As of June 30, 2015, the unreserved fund balance of the general fund was \$9.1 million on a cash basis.

CITY OF ST. LOUIS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2015

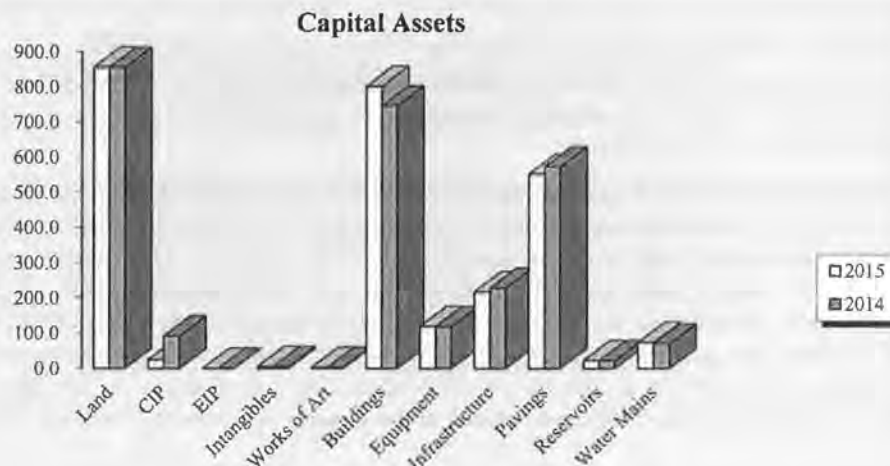
CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City had invested \$2.7 billion in a broad range of capital assets, including fire equipment, park facilities, roads, bridges, runways and water systems.

Schedule of Changes in Capital Assets
Net of Accumulated Depreciation
(dollars in millions)

		Governmental Activities		Business-type Activities		Total	
		2014	2014	2015	2014	2015	2014
Land	\$	80.4	80.2	775.7	775.7	856.1	855.9
Construction in progress		9.6	28.8	15.8	64.0	25.4	92.8
Equipment in progress		0.8	1.0	—	—	0.8	1.0
Intangibles		1.2	1.0	3.5	3.5	4.7	4.5
Works of art		3.6	3.5	—	—	3.6	3.5
Buildings and improvements		463.8	459.5	338.3	287.0	802.1	746.5
Equipment		60.5	59.5	59.5	59.6	120.0	119.1
Infrastructure		218.5	229.2	—	—	218.5	229.2
Intangibles		1.0	1.2	—	—	1.0	1.2
Pavings		—	—	551.8	572.3	551.8	572.3
Reservoirs		—	—	22.5	22.6	22.5	22.6
Water mains, lines, accessories		—	—	74.1	70.7	74.1	70.7
Total	\$	839.4	863.9	1,841.2	1,855.4	2,680.6	2,719.3



<p style="text-align: center;">CITY OF ST. LOUIS, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED JUNE 30, 2015</p>
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For government-wide financial presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Governmental fund financial statements record capital asset purchases as expenditures.

For additional information on capital assets, refer to note 7 in the notes to the basic financial statements.

Long-Term Debt

At the end of fiscal year 2015, the City had outstanding long-term debt obligations for governmental activities in the amount of \$953.2 million compared with \$968.9 million in fiscal year 2014. Of this amount, \$23.0 million are general obligation bonds and \$340.3 million are development and tax increment financing bonds and notes payable. Leasehold revenue obligations outstanding totaled \$435.0 million.

The City of St. Louis, Missouri
Outstanding Long-Term Debt Obligations – Governmental Activities
(dollars in millions)

	Fiscal Year 2015	Fiscal Year 2014	\$ Change	% Change
General obligation bonds payable	\$ 23.0	28.1	(5.1)	-18.1%
Section 108 Loan Guarantee Assistance Programs	31.4	35.6	(4.2)	-11.8%
Firemen's Retirement EAN Note	0.0	3.4	(3.4)	-100.0%
Loan agreement with FPF	5.2	4.6	0.6	13.0%
Development and tax increment financing bonds and notes payable	340.3	300.3	40.0	13.3%
Loan agreement with Missouri Transportation Finance Corporation	1.6	2.0	(0.4)	-20.0%
Capital lease—rolling stock	19.7	24.7	(5.0)	-20.2%
Certificates of participation	5.2	6.1	(0.9)	-14.8%
Obligations with component units	51.4	51.6	(0.2)	-0.4%
Leasehold revenue improvement and refunding bonds	435.0	470.9	(35.9)	-7.6%
Joint venture financing agreement	33.5	37.9	(4.4)	-11.6%
Unamortized premium/discounts	6.9	3.7	3.2	86.5%
Total	\$ 953.2	968.9	(15.7)	-1.6%

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The City's authorized debt limit for calendar year 2015 was \$430.2 million. The City's effective legal debt margin as of June 30, 2015 was \$414.2 million. For additional information on long-term debt, refer to the note 13 to the basic financial statements.

<p align="center">CITY OF ST. LOUIS, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED JUNE 30, 2015</p>

The City's underlying general obligation credit ratings remained unchanged for fiscal year 2015. The City ratings on uninsured general obligation bonds as of June 30, 2015 were:

Moody's Investor's Service, Inc.	A3
Standard and Poor's Corporation	A+
Fitch IBCA, Inc. Ratings	A

The City of St. Louis, Missouri
Revenue Bonds Outstanding
Long-Term Debt Obligations – Business-Type Activities
(dollars in millions)

	<u>Fiscal Year</u> <u>2015</u>	<u>Fiscal Year</u> <u>2014</u>	<u>\$ Change</u>	<u>% Change</u>
Airport	\$ 726.0	798.9	(72.9)	-9.13%
Water Division	2.3	4.8	(2.5)	-52.08%
Parking Division	73.5	70.0	3.5	5.00%
Total	<u>\$ 801.8</u>	<u>873.7</u>	<u>(71.9)</u>	<u>-8.23%</u>

Outstanding revenue bonds of the business-type activities of the City as of June 30, 2015 and 2014 were \$801.8 million and \$873.7 million, respectively. The amount reflects a decrease of \$71.9 million, or 8.23%. This amount includes Airport bonds of \$726.0 million, Water Division bonds of \$2.3 million, and Parking Division bonds of \$73.5 million. For additional information on revenue bonds of the business-type activities, refer to notes 13 and 17 of the basic financial statements.

Economic Factors and Next Year's Budget

- The fiscal year 2016 annual operating budget allocates \$1,016.3 million among all budgeted funds, a 1.0% increase over the previous year's budget.
- The fiscal year 2016 general fund budget is \$492.6 million compared with \$487.5 million, which includes a \$3.5 million supplemental appropriation in the prior year. This amount reflects an increase of \$5.1 million, or 1.1%.
- Total positions for fiscal year 2016 are 6,677, an increase of 16 positions mainly in the public safety division.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives.

If you have any questions about this report or need additional information, please contact the Office of the Comptroller of the City of St. Louis, 1200 Market Street, Room 311, Saint Louis, Missouri 63103.



City of St. Louis, Missouri
Statement of Net Position
June 30, 2015
(dollars in thousands)

	Primary Government			Component units	
	Governmental activities	Business-type activities	Total	SLDC	SWMDC
Assets					
Cash and cash equivalents	\$ 96,958	72,583	169,541	8,970	1,042
Investments	9,158	93,805	102,963	—	—
Receivables, net	171,165	31,780	202,945	15,282	25
Inventories	1,047	4,677	5,724	—	—
Restricted assets	70,063	182,340	252,403	—	—
Internal balances	9,842	(9,842)	—	—	—
Other assets	1,425	2,988	4,413	435	—
Receivable from primary government	—	—	—	121	—
Net pension asset	38,743	4,305	43,048	—	—
Property held for development, net	—	—	—	8,890	—
Capital assets, net:					
Nondepreciable	95,561	795,001	890,562	5,284	—
Depreciable	743,845	1,046,225	1,790,070	25,012	7,129
Total assets	1,237,807	2,223,862	3,461,669	63,994	8,196
Deferred outflow of resources	33,547	24,592	58,139	—	—
Total assets and deferred outflow of resources	1,271,354	2,248,454	3,519,808	63,994	8,196
Liabilities					
Accounts payable and accrued liabilities	17,376	26,021	43,397	1,702	41
Accrued salaries and other benefits	20,646	8,366	29,012	—	—
Accrued interest payable	120,263	19,130	139,393	—	—
Unearned revenue	3,077	5,634	8,711	—	—
Other liabilities	6,422	—	6,422	—	—
Payable to component units	121	—	121	—	—
Payable to other government agencies	4	60	64	—	—
Long-term liabilities:					
Due within one year	120,243	42,940	163,183	11,774	—
Due in more than one year	1,435,978	839,683	2,275,661	24,796	—
Total liabilities	1,724,130	941,834	2,665,964	38,272	41
Deferred inflow of resources	21,093	3,740	24,833	—	—
Total liabilities and deferred inflow of resources	1,745,223	945,574	2,690,797	38,272	41
Net Position					
Net investments in capital assets	544,300	1,055,441	1,599,741	16,956	7,129
Restricted:					
Debt service	—	116,730	116,730	—	—
Capital projects	—	3,522	3,522	—	—
Passenger facility charges	—	18,346	18,346	—	—
Statutory restrictions	22,284	—	22,284	—	—
Unrestricted (deficit)	(1,040,449)	108,841	(931,608)	8,766	1,026
Total net position	\$ (473,865)	1,302,880	829,015	25,722	8,155

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Statement of Activities
Year ended June 30, 2015
(dollars in thousands)

Functions/Programs	Expenses	Program revenues			Net (expense) revenue and changes in net position				
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government			Component units	
					Governmental activities	Business-type activities	Total	SLDC	SWMDC
Primary government:									
Governmental activities:									
General government:	\$	\$8,679	32,455	112	—	(26,112)	—	(26,112)	—
Convention and tourism		5,775	—	—	—	(5,775)	—	(5,775)	—
Parks and recreation		30,111	4,611	673	—	(24,827)	—	(24,827)	—
Judicial		50,730	12,042	2,074	—	(36,614)	—	(36,614)	—
Streets		73,452	26,898	(3)	630	(45,927)	—	(45,927)	—
Public safety:									
Fire		64,658	12,562	713	—	(51,383)	—	(51,383)	—
Police		202,080	6,228	2,846	—	(193,006)	—	(193,006)	—
Other		58,714	21,376	1,830	(1,485)	(36,993)	—	(36,993)	—
Health and welfare		54,071	875	34,258	—	(18,938)	—	(18,938)	—
Public service		78,021	6,974	16	8,629	(62,402)	—	(62,402)	—
Community development		65,499	5,907	18,273	213	(41,106)	—	(41,106)	—
Interest and fiscal charges		60,580	—	—	—	(60,580)	—	(60,580)	—
Total governmental activities		802,370	129,928	60,792	7,987	(603,663)	—	(603,663)	—
Business-type activities:									
Airport		160,233	164,745	1,277	23,284	—	29,073	29,073	—
Water Division		46,799	54,399	—	343	—	7,943	7,943	—
Parking Division		13,851	16,129	—	—	—	2,278	2,278	—
Total business-type activities		220,883	235,273	1,277	23,627	—	39,294	39,294	—
Total primary government	\$	1,023,253	365,201	62,069	31,614	(603,663)	39,294	(564,369)	—
Component units:									
SLDC	\$	34,796	8,906	23,464	—	—	—	(2,425)	—
SWMDC		988	150	—	636	—	—	—	(202)
Total component units	\$	35,784	9,056	23,464	636	—	—	(2,425)	(202)
General revenues:									
Taxes:									
Property taxes, levied for general purpose					\$	77,365	—	77,365	—
Property taxes, levied for debt service						6,406	—	6,406	—
Sales taxes						175,581	—	175,581	—
Earnings/payroll taxes						203,251	—	203,251	—
Gross receipts taxes (includes franchise tax)						92,160	—	92,160	—
Miscellaneous taxes						4,485	—	4,485	—
Unrestricted investment earnings						381	2,956	3,337	107
Extraordinary item - Natural disaster						—	1,737	1,737	—
Transfers						9,619	(9,619)	—	—
Total general revenues, extraordinary items, and transfers						569,248	(4,926)	564,322	107
Change in net position						(34,415)	34,368	(47)	(2,318)
Net position, beginning of year						(149,928)	1,290,808	1,140,880	28,040
Cumulative effect of change in accounting principles						(289,522)	(22,296)	(311,818)	—
Net position – beginning of year, adjusted						(439,450)	1,268,512	829,062	28,040
Net position – end of year					\$	(473,865)	1,302,880	829,015	25,722
									8,155

See accompanying notes to basic financial statements

City of St. Louis, Missouri
Balance Sheet
Governmental Funds
June 30, 2015
(dollars in thousands)

		Major funds		Nonmajor funds	
		General fund	Capital projects fund	Other governmental funds	Total governmental funds
Assets					
Cash and cash equivalents:	\$				
Restricted		6,926	6,963	6,284	21,364
Unrestricted		34,054	11,587	46,453	92,094
Investments:					
Restricted		9,192	32,577	6,930	48,699
Unrestricted		1,814	1,754	2,794	9,011
Receivables, net of allowances:					
Taxes		98,178	3,705	45,630	147,513
Licenses and permits		2,507	—	218	2,725
Intergovernmental		3,468	1,355	722	13,971
Charges for services		3,870	27	1,239	5,136
Other		477	503	474	1,458
Inventory		1,047	—	—	1,047
Prepaid asset		685	—	—	685
Due from component units		—	—	535	535
Due from other funds		8,245	—	4,737	12,982
Total assets	\$	170,463	58,471	116,016	357,220
Liabilities, Deferred Inflow of Resources, and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$	5,452	3,331	1,675	17,020
Accrued salaries and other benefits		18,308	141	1,144	20,646
Due to component units		—	—	625	625
Due to other funds		3,911	451	1,122	9,321
Due to other governmental agencies		4	—	—	4
Advance to other funds		40,917	—	—	40,917
Unearned revenue		333	—	2,744	3,077
Other liabilities		6,453	—	—	6,453
Total liabilities		75,378	3,923	7,310	98,063
Deferred inflow of resources		66,432	693	26,641	93,766
Total liabilities and deferred inflow of resources		141,810	4,616	33,951	191,829
Fund balances (deficit):					
Nonspendable		2,425	—	11	2,436
Restricted		14,852	38,412	45,271	99,353
Committed		9,134	33,670	30,404	73,208
Assigned		2,242	—	6,379	8,621
Unassigned		—	(18,227)	—	(18,227)
Total fund balances		28,653	53,855	82,065	165,391
Total liabilities, deferred inflow of resources, and fund balances	\$	170,463	58,471	116,016	357,220

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2015
(dollars in thousands)

Total fund balances—governmental funds—balance sheet	\$	165,391
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets and certain other assets used in governmental activities, which exceed capitalization threshold amounts (excluding internal service fund capital assets), are not financial resources and, therefore, are not reported in the fund financial statements.		839,369
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The City reports a net pension asset on the statement of net position relating to the Firemen's Retirement System. This asset is not reported in the fund financial statements.		38,743
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Various taxes related to fiscal year 2015 will be collected beyond the 60-day period used to record revenue in the fund financial statements. Revenue for this amount is recognized in the government-wide financial statements.		7,274
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Property taxes are assessed by the City on January 1st of each calendar year, but are not due until December 31st. Taxes assessed on January 1, 2015 and payable on December 31, 2015 are deferred inflows of resources within the fund financial statements. However, revenue for this amount is recognized in the government-wide financial statements.		86,492
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Internal service funds are used by management to charge the cost of risk management, mailroom services, health and equipment services to the individual funds, generally on a cost reimbursement basis. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.		2,617
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Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as liabilities within the fund financial statements. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities—both current and long-term—are reported on the government-wide statement of net position. Also, during the year, the City issued new debt and refunded some of its existing debt. Discounts, premiums, and deferred amounts on refunding are reported in the governmental fund financial statements when the debt was issued, whereas these amounts are deferred and amortized over the life of the debt on the government-wide financial statements.

Balances as of June 30, 2015 are:

Accrued vacation and sick leave		(50,303)
OPEB Obligation		(177,727)
Net pension liability		(324,741)
Accrued interest payable		(120,263)
Joint venture financing agreement		(33,434)
Certificates of participation		(5,195)
Obligations with component unit		(51,426)
Capital leases-rolling stock		(19,731)
Leasehold improvement and refunding revenue bonds		(435,005)
Development and TIF bonds and notes payable		(340,342)
General obligation bonds		(23,010)
Section 108 Loan Guarantee Assistance Programs		(31,370)
Other long-term debt		(6,740)
Deferred outflow of resources		33,547
Deferred inflow of resources		(21,093)
Unamortized discounts		3,523
Unamortized premiums		(10,441)

Total net position—governmental activities—statement of net position	\$	<u>(473,865)</u>
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See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2015
(dollars in thousands)

	Major funds			Nonmajor funds	Total governmental funds
	General fund	Capital projects fund	Grants fund	Other governmental funds	
Revenues:					
Taxes	\$ 363,392	23,631	—	169,570	556,593
Licenses and permits	19,938	—	—	6,805	26,743
Intergovernmental	25,130	7,987	60,792	3,775	97,684
Charges for services, net	28,880	239	—	18,103	47,222
Court fines and forfeitures	4,916	—	—	—	4,916
Investment income	209	157	4	11	381
Interfund services provided	858	—	—	—	858
Miscellaneous	7,997	1,463	—	9,774	19,234
Total revenues	451,320	33,477	60,796	208,038	753,631
Expenditures:					
Current:					
General government	47,417	—	121	18,110	65,648
Convention and tourism	126	—	—	—	126
Parks and recreation	18,554	662	676	5,277	25,169
Judicial	44,799	—	2,059	3,200	50,058
Streets	37,480	2,349	—	816	40,645
Public Safety:					
Fire	66,514	—	750	1,151	68,415
Police	151,760	—	2,981	24,388	179,129
Other	48,460	86	1,822	7,874	58,242
Health and welfare	3,355	—	33,799	16,654	53,808
Public services	31,614	2,752	14	42,954	77,334
Community development	—	—	17,403	48,096	65,499
Capital outlay	440	29,448	1,603	69	31,560
Debt service:					
Principal	23,718	20,900	1,130	19,854	65,602
Interest and fiscal charges	10,618	7,732	147	30,013	48,510
Total expenditures	484,855	63,929	62,505	218,456	829,745
Excess (deficiency) of revenues over expenditures	(33,535)	(30,452)	(1,709)	(10,418)	(76,114)
Other financing sources (uses):					
Sale of capital assets	—	1,849	—	—	1,849
Issuance of leasehold revenue bonds	21,905	9,790	—	—	31,695
Issuance of certificates of participation	5,195	—	—	—	5,195
Issuance of loan agreement	—	2,080	—	—	2,080
Issuance of development and tax increment financing notes	—	—	—	49,917	49,917
Payment to refunded escrow agent - leasehold revenue bonds	(29,497)	(8,145)	—	—	(37,642)
Payment of development and tax increment financing notes	—	—	—	(3,442)	(3,442)
Premium on bond issuances	3,097	685	—	—	3,782
Discount on development tax increment financing notes	—	—	—	(11)	(11)
Transfers in	38,954	20,304	13	2,675	61,946
Transfers out	(13,191)	(58)	(2)	(39,076)	(52,327)
Total other financing (uses) sources, net	26,463	26,505	11	10,063	63,042
Net change in fund balances	(7,072)	(3,947)	(1,698)	(355)	(13,072)
Fund balances:					
Fund balance, beginning of year	35,725	57,802	2,516	82,420	178,463
Fund balance, end of year	\$ 28,653	53,855	818	82,065	165,391

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year ended June 30, 2015
(dollars in thousands)

Net change in fund balances—governmental funds—statement of revenues, expenditures, and changes in fund balances	\$ (13,072)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets, meeting the capitalization threshold, is allocated over their estimated useful lives and recorded as depreciation expense. Additionally, contributions of capital assets to the City are recorded as capital contributions on the statement of activities. This is the amount by which capital outlays and capital contributions, meeting the capitalization threshold, exceeded depreciation expense in the current year. Details of the reported amounts are as follows:	
Capital outlay	31,560
Capital contribution	2,273
Loss on disposal of capital assets	(593)
Depreciation expense	(57,731)
	<u>(24,431)</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements. These amounts represent the extent to which revenues not providing current financial resources in the current fiscal year exceeded revenues not providing current financial resources in the prior fiscal year (which are recognized in the fund financial statements in the current year). Such amounts are attributable to the following factors:	
Change in revenues received after the 60-day accrual period	(5,743)
Property taxes due in the fiscal year following the fiscal year in which they were assessed	8,175
	<u>2,432</u>
Internal service funds are used by management to charge the cost of risk management and mailroom services to the individual funds. The change in position of internal service funds attributable to governmental activities is reported on the statement of activities.	
	2,134
The City reports a net pension liability/asset on the statement of net position relating to its defined benefit pension plans. This liability/asset is not reported in the fund financial statements. Fluctuations in net pension liabilities/assets are reported in the statement of activities.	
	19,461
The City reports a net other postemployment obligation on the statement of net position to the extent actual contributions to the City's other postemployment plan falls below the annual required contribution. This obligation is not reported in the fund financial statements. The fluctuation in the net pension obligation is reported in the statement of activities.	
	(28,983)
Bond proceeds are reported as financing sources in governmental funds financial statements and thus contribute to the net change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayments of principal is an expenditure in the governmental funds financial statements, but reduces the liability in the statement of net position.	
Debt issued during the current year:	
Development and Tax increment financing bonds and notes payable	(49,917)
Certificates of participation	(5,195)
Loan agreement with Forest Park Forever	(2,080)
Leasehold Revenue Bonds	(31,695)
Repayments during the current year:	
Payment to refunded escrow agent - leasehold revenue bonds	37,642
Payment of development and tax increment financing notes	3,442
Annual principal payments on bonds and notes payable	55,525
Annual principal payments on joint venture financing agreement	4,410
Annual principal payments on capital lease	5,012
Annual principal payments Certificates of Participation	655
Firemen's Retirement EAN note credit transaction	3,396
	<u>21,195</u>
Under the modified accrual basis of accounting used in the governmental funds financial statements, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.	
This adjustment combines the net changes of the following:	
Accrued vacation and sick leave	1,538
Accrued interest payable	(11,937)
Unamortized discounts	576
Unamortized premiums	(2,696)
Deferred outflow of resources - bond refundings	(632)
	<u>(13,151)</u>
Change in net position—governmental activities—statement of activities	<u>\$ (34,415)</u>

See accompanying notes to basic financial statements

City of St. Louis, Missouri
Statement of Fund Net Position
Proprietary Funds
June 30, 2015
(dollars in thousands)

	Major funds – Enterprise funds				
	Lambert – St. Louis International Airport	Water Division	Parking Division	Total Enterprise Funds	Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents:					
Restricted cash and cash equivalents	38,895	216	8,115	47,226	—
Unrestricted cash and cash equivalents	36,989	15,340	18,353	70,682	4,864
Investments:					
Restricted investments	20,349	—	—	20,349	—
Unrestricted investments	58,089	11,976	—	70,065	147
Receivables, net of allowances:					
Intergovernmental	11,504	—	—	11,504	—
Charges for services	2,321	11,375	380	14,076	—
Insurance recovery	800	—	—	800	—
Passenger facility charges	3,471	—	—	3,471	—
Accrued interest	1,304	—	—	1,304	—
Other	625	—	—	625	362
Prepaid assets:					
Due from component unit	—	—	—	—	740
Due from other funds	—	—	—	—	4
Advance from other funds	—	—	—	—	6,181
Inventories	2,402	2,275	—	4,677	40,917
Other current assets	—	12	20	32	—
Total current assets	176,749	41,194	26,868	244,811	53,215
Noncurrent assets:					
Cash and cash equivalents:					
Restricted cash and cash equivalents	7,389	3,283	—	10,672	—
Unrestricted cash and cash equivalents	—	1,901	—	1,901	—
Investments:					
Restricted investments	93,872	—	10,221	104,093	—
Unrestricted investments	16,538	7,202	—	23,740	—
Net pension asset	4,305	—	—	4,305	—
Capital assets:					
Property, plant, and equipment	1,745,735	294,265	84,260	2,124,260	123
Less accumulated depreciation	(895,939)	(149,043)	(33,053)	(1,078,035)	(86)
	849,796	145,222	51,207	1,046,225	37
Land, infrastructure and easements	755,052	1,238	22,903	779,193	—
Construction-in-progress	12,187	3,621	—	15,808	—
Capital assets, net	1,617,035	150,081	74,110	1,841,226	37
Intangibles and other assets, net	1,689	818	449	2,956	—
Total noncurrent assets	1,740,828	163,285	84,780	1,988,893	37
Deferred outflow of resources	18,241	1,545	4,806	24,592	—
Total assets and deferred outflow of resources	1,935,818	206,024	116,454	2,258,296	53,252
Liabilities					
Current liabilities:					
Accounts payable and accrued liabilities	12,257	4,904	1,468	18,629	356
Accrued salaries and other benefits	2,024	955	259	3,238	—
Accrued vacation and compensatory time benefits	3,093	1,858	177	5,128	—
Contracts and retainage payable	7,392	—	—	7,392	—
Accrued interest payable	18,837	50	243	19,130	—
Current portion of revenue bonds	39,785	404	2,751	42,940	—
Due to other funds	4,273	3,829	1,740	9,842	—
Due to other government agencies	—	—	60	60	—
Claims payable	—	—	—	—	50,279
Unearned revenue and other deposits	2,110	1,869	1,655	5,634	—
Total current liabilities	89,771	13,869	8,353	111,993	50,635
Noncurrent liabilities:					
Revenue bonds payable, net	717,885	1,884	71,003	790,772	—
Net pension liability	17,247	9,007	1,967	28,221	—
Customer deposits	—	2,533	—	2,533	—
Other liabilities	12,636	4,515	1,006	18,157	—
Total noncurrent liabilities	747,768	17,939	73,976	839,683	—
Deferred inflow of resources	2,819	766	155	3,740	—
Total liabilities and deferred inflow of resources	840,358	32,574	82,484	955,416	50,635
Net Position					
Net investments in capital assets	907,291	147,793	357	1,055,441	(37)
Restricted:					
Debt service	97,428	966	18,336	116,730	—
Capital projects	3,522	—	—	3,522	—
Passenger facility charges	18,346	—	—	18,346	—
Unrestricted	68,873	24,691	15,277	108,841	2,654
Total net position	\$ 1,095,460	173,450	33,970	1,302,880	2,617

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Statement of Revenues, Expenses, and
Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2015
(dollars in thousands)

	Major funds – Enterprise funds				
	Lambert – St. Louis International Airport	Water Division	Parking Division	Total Enterprise Funds	Internal Service Funds
Operating revenues:					
Aviation revenues	\$ 90,928	—	—	90,928	—
Concessions	25,662	—	—	25,662	—
Water sales	—	50,830	—	50,830	—
Lease revenue	4,722	—	—	4,722	—
Parking, net	18,936	—	15,562	34,498	—
Charges for services	—	—	—	—	40,360
Intergovernmental revenue	—	—	—	—	—
Miscellaneous	—	3,012	558	3,570	362
Total operating revenues	140,248	53,842	16,120	210,210	40,722
Operating expenses:					
Claims incurred	—	—	—	—	31,309
Premiums	—	—	—	—	1,850
Personnel services	37,492	15,582	5,265	58,339	306
Material and supplies	5,842	10,691	200	16,733	5,114
Purchased power	—	3,202	—	3,202	—
Contractual services	27,626	6,319	1,273	35,218	—
Miscellaneous	592	3,199	753	4,544	—
Depreciation	50,166	5,383	2,424	57,973	8
Interfund services used	2,489	2,020	125	4,634	—
Total operating expenses	124,207	46,396	10,040	180,643	38,587
Operating income	16,041	7,446	6,080	29,567	2,135
Nonoperating revenues (expenses):					
Intergovernmental revenue	1,277	—	—	1,277	—
Investment income (expense)	2,541	42	373	2,956	(1)
Interest and debt service expense	(36,026)	(233)	(3,811)	(40,070)	—
Passenger facility charges	24,188	—	—	24,188	—
Gain/(loss) on sale/disposal of capital assets	164	(170)	—	(6)	—
Miscellaneous, net	145	557	9	711	—
Total nonoperating revenues (expenses), net	(7,711)	196	(3,429)	(10,944)	(1)
Income before transfers, extraordinary items, and capital contributions, net	8,330	7,642	2,651	18,623	2,134
Transfers in	—	—	964	964	—
Transfers out	(6,407)	(3,115)	(1,061)	(10,583)	—
Extraordinary item - natural disaster	1,737	—	—	1,737	—
Capital contributions	23,284	343	—	23,627	—
Total transfers, extraordinary items, and capital contributions, net	18,614	(2,772)	(97)	15,745	—
Change in net position	26,944	4,870	2,554	34,368	2,134
Net position—beginning of year	1,081,888	176,283	32,637	1,290,808	483
Cumulative effect of change in accounting principle	(13,372)	(7,703)	(1,221)	(22,296)	—
Net position—beginning of year—as adjusted	1,068,516	168,580	31,416	1,268,512	483
Net position—end of year	\$ 1,095,460	173,450	33,970	1,302,880	2,617

See accompanying notes to basic financial statements

City of St. Louis, Missouri
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2015
(dollars in thousands)

	Major funds—Enterprise funds				
	Lambert— St. Louis International Airport	Water Division	Parking Division	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities:					
Receipts from customers and users	\$ 144,657	53,792	15,821	214,270	—
Other operating cash receipts	—	—	120	120	—
Payments to suppliers of goods and services	(35,979)	(22,755)	(423)	(59,157)	(30,368)
Payments to employees	(25,312)	(16,378)	(5,451)	(47,141)	(304)
Payments for interfund services used	(4,786)	(3,833)	—	(8,619)	34,755
Net cash provided by operating activities	78,580	10,826	10,067	99,473	4,083
Cash flows from noncapital financing activities:					
Interest paid on share of bond pension liability	—	(264)	—	(264)	—
Transfers from the State of Missouri	—	—	9	9	—
Transfers from other funds	—	—	964	964	—
Transfers to other funds	(6,408)	(3,129)	(1,061)	(10,598)	—
Net cash provided by (used in) noncapital financing activities	(6,408)	(3,393)	(88)	(9,889)	—
Cash flows from capital and related financing activities:					
Cash collections from passenger facility charges	23,147	—	—	23,147	—
Receipts from federal financing assistance	14,544	—	—	14,544	—
Acquisition and construction of capital assets	(37,704)	(6,639)	(1,889)	(45,832)	—
Interest on deferred outflow of resources	—	—	334	334	—
Insurance recoveries	2,000	—	—	2,000	—
Proceeds from sale of surplus property	2,833	—	—	2,833	—
Loss on retirement of PPE	—	—	52	52	—
Proceeds from issuance of bonds	17,310	1,547	6,440	25,297	—
Principal paid on revenue bond maturities	(37,560)	(4,019)	(2,631)	(44,210)	—
Cash paid for bond refunding	(17,890)	—	—	(17,890)	—
Cash paid for interest	(37,937)	(30)	(3,779)	(41,746)	—
Other capital and financing activities	—	737	—	737	—
Net cash used in capital and related financing activities	(71,257)	(8,404)	(1,073)	(80,734)	—
Cash flows from investing activities:					
Purchase of investments	(304,141)	(21,163)	(14,055)	(339,359)	(88)
Proceeds from sales and maturities of investments	269,198	1,985	13,954	285,137	—
Interest expense on cash and investments	—	30	—	30	—
Investment income	1,543	—	358	1,901	—
Net cash provided by (used in) investing activities	(33,400)	(19,148)	257	(52,291)	(88)
Net increase (decrease) in cash and cash equivalents	(32,485)	(20,119)	9,163	(43,441)	3,995
Cash and cash equivalents:					
Beginning of year:					
Unrestricted	66,461	34,447	15,004	115,912	869
Restricted	62,670	6,412	2,241	71,323	—
	129,131	40,859	17,245	187,235	869
End of year:					
Unrestricted	36,989	17,241	18,353	72,583	4,864
Restricted	46,284	3,499	8,115	57,898	—
	\$ 83,273	20,740	26,468	130,481	4,864
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income	\$ 16,041	7,446	6,080	29,567	2,134
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	50,166	5,383	2,424	57,973	8
Changes in assets and liabilities:					
Receivables, net	4,751	(448)	(196)	4,107	(162)
Inventories	177	(94)	—	83	—
Prepaid assets	—	—	—	—	131
Other assets, net	142	(103)	20	59	—
Accounts payable, accrued liabilities, accrued salaries, and other benefits	(2,773)	(108)	1,393	(1,488)	(109)
Claims payable	—	—	—	—	4,454
Unearned revenue and other deposits	531	9	17	557	—
Due to/from other funds	(2,187)	(1,046)	552	(2,681)	(924)
Advance to other funds	—	—	—	—	(1,249)
Customer deposits	—	733	—	733	—
Net pension liabilities	443	525	443	1,411	—
Other long term liabilities	11,289	(1,471)	(666)	9,152	—
Total adjustments	62,539	3,380	3,987	69,906	1,949
Net cash provided by operating activities	\$ 78,580	10,826	10,067	99,473	4,083
Supplemental disclosure for noncash activities					
Unrealized (loss) gain on investments	\$ 122	170	28	320	—
Capital contributions	—	343	—	343	—

See accompanying notes to basic financial statements

City of St. Louis, Missouri
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015
(dollars in thousands)

	Pension Trust Funds (as of September 30, 2014*)	Agency Funds
Assets		
Cash and cash equivalents - unrestricted	\$ 12,448	22,150
Cash and cash equivalents - restricted	—	2,437
Pension trust investments:		
Bonds	165,951	—
Domestic bond funds	78,424	—
Stocks	538,338	—
Limited partnerships	98,387	—
Government securities	14,418	—
Mortgage-backed securities	17,729	—
Collective investment funds	509,420	—
Real estate equities and investment trust	166,958	—
Investment property	1,204	—
Hedge funds	156,565	—
Money market mutual funds and other short-term investments	73,399	—
Partnership interests	9,074	—
Managed international equity funds	186,792	—
Total investments	2,016,659	—
Securities lending collateral	3,610	—
Receivables, net of allowances:		
Taxes	—	22,315
Contributions	238	—
Accrued interest	2,626	—
Due from Firemen's Retirement System	54	—
Other	1,702	1,741
Capital assets, net	1,181	—
Total assets	2,038,518	48,643
Deferred outflows of resources		
Receivable under forward foreign currency exchange contracts	678	—
Total deferred outflows of resources	678	—
Total assets and deferred outflows of resources	2,039,196	48,643
Liabilities		
Accounts payable and accrued liabilities	2,491	4,513
Deposits held for others	1,129	12,924
Due to Firefighter's Retirement Plan	54	—
Due to other governmental agencies	—	31,206
Securities lending collateral liability	3,610	—
Other liabilities	1,577	—
Total liabilities	8,861	48,643
Net position		
Net position held in trust for pension benefits	\$ 2,030,335	—

*See note 10.

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2015
(dollars in thousands)

	Pension Trust Funds (as of September 30, 2014*)
Additions:	
Contributions:	
Members	\$ 7,065
Employer	79,378
Investment income:	
Interest and dividends	29,309
Net appreciation in fair value of investments	146,945
Investment income	176,254
Less investment expense	(9,300)
Net investment income	166,954
Total additions	253,397
Deductions:	
Benefits	149,085
Refunds of contributions	3,960
Administrative expense	3,397
Total deductions	156,442
Increase before transfers	96,955
Transfer in	6,883
Transfer out	(10,279)
Total transfers	(3,396)
Net increase	93,559
Net position held in trust for pension benefits:	
Beginning of year	1,936,776
End of year	\$ 2,030,335

*See note 10.

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2015
(dollars in thousands)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of St. Louis, Missouri (the City) is a constitutional charter city not a part of any county, which is organized and exists under and pursuant to the constitution and laws of the State of Missouri (the State). The City's current form of government is provided for in its charter, which first became effective in 1914 and has been subsequently amended by City voters. The City provides a wide range of municipal services as follows: fire, police, and other public safety; parks and recreation; forestry; health, welfare, and other social services; street maintenance; refuse collection; public services; community and economic development; convention and tourism; and general administrative services. The City also owns and operates a water utility, parking facilities, and an international airport as self-supporting enterprises.

The accounting policies and financial reporting practices of the City conform to U.S. generally accepted accounting principles applicable to governmental entities. The following is a summary of the more significant policies:

Reporting Entity

The City's financial reporting entity has been determined in accordance with governmental standards for defining the reporting entity and identifying entities to be included in its basic financial statements. The City's financial reporting entity consists of the City of St. Louis (also referred to as the Primary Government) and its component units.

1) Blended Component Units

The component units discussed below are included in the City's reporting entity due to the significance of their operational or financial relationships with the City.

Public Facilities Protection Corporation (PFPC)

The PFPC is an internal service fund governed by a five-member board of persons in designated City positions. The PFPC is reported as if it were part of the primary government because its sole purpose is to provide the City with a defined and funded self-insurance program for claims, judgments, and other related legal matters including workers' compensation.

St. Louis Municipal Finance Corporation (SLMFC)

The SLMFC, established in 1991, is governed by a five-member board, consisting of persons in designated City positions. The SLMFC is reported as if it were part of the primary government because its sole purpose is to lessen the burden on the City by financing, acquiring, leasing, or subleasing real property, and improvement thereon, and personal property to the City.

St. Louis Parking Commission Finance Corporation (SLPCFC)

The SLPCFC, established in 2003, is governed by a five-member board as appointed by the Parking Commission. The SLPCFC finances the purchase of and owns, leases and sells certain real property on behalf of the Parking Commission. SLPCFC is considered to be a component unit of the City because the Parking Division of the City of St. Louis (the Parking Division) is financially accountable for SLPCFC, as it appoints all of SLPCFC's directors and is able to impose its will on SLPCFC. The SLPCFC provides services entirely to the Parking Division and is

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reported as if it were part of the Parking Division because its sole purpose is to lessen the burden on the Parking Division by coordinating real property transactions.

Grand Center Municipal Parking Finance Corporation (MPFC)

The MPFC was established during the year ended June 30, 2009. The MPFC is a legally separate not-for-profit public benefit corporation with the Parking Commission as the sole member of the MPFC. Because the Parking Division appoints all of MPFC's directors and is able to impose its will on the MPFC, it is considered to be a component unit of the Parking Division. The MPFC's goal is to employ innovative public parking programs, services, technology, and products to strengthen the economic vitality and competitiveness of arts and entertainment venues and supporting enterprises operating in the Grand Center area. An additional goal is to improve the coordination of public parking regulations and enforcement, along with the quality marketability, availability, and accessibility of public parking spaces in the Grand Center area.

2) Discretely Presented Component Units

The component unit columns in the statement of net position and statement of activities include the financial data of the City's two discretely presented component units. These are reported individually to emphasize that they are legally separate from the City.

St. Louis Development Corporation (SLDC)

The SLDC was organized in 1988 to improve the efficiency and effectiveness of the economic development activities of the City. SLDC combines the administrative staffs of six independent development agencies for the purpose of coordinating administrative services for all six agencies. The agencies that are considered component units of SLDC are the Land Reutilization Authority, the Land Clearance for Redevelopment Authority (LCRA), the St. Louis Industrial Development Authority (IDA), the Planned Industrial Expansion Authority, the Local Development Company (LDC), and the St. Louis Port Authority. SLDC is included as a component unit of the City because the City is financially accountable for SLDC, as SLDC is fiscally dependent upon the City. SLDC is considered to be fiscally dependent on the City because SLDC may not legally issue bonded debt or implement a budget for its redevelopment activities until the City's Board of Alderman has approved the redevelopment project and declared the redevelopment area blighted.

Solid Waste Management and Development Corporation (SWMDC)

The SWMDC owns a system of underground pressurized steam transport pipe in the downtown St. Louis area commonly known as the "steam loop." The steam loop is leased on a long-term basis to a steam-generating private entity unrelated to the City. The steam loop serves City Hall and other municipal buildings, and is the only non-private source of steam in downtown St. Louis. The City appoints a voting majority of SWMDC's board of directors. The board of directors consists of representatives of the president of the Board of Public Service (Chairperson), deputy mayor/chief of staff, and director of the Street Department. Separate financial statements are not prepared for SWMDC. SWMDC is directed by employees of the City, and therefore, the City is able to impose its will on SWMDC.

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Complete financial statements of the discretely presented component units other than SWMDC may be obtained from their administrative offices as follows:

St. Louis Development Corporation
1520 Market Street Ste 2000
St. Louis, Missouri 63103

3) Related Organizations

The City's officials are also responsible for appointing the voting majority of board members for other organizations, but the City's accountability for these organizations do not extend beyond making the appointments. Thus, no financial data for these organizations are included in the City's basic financial statements. These related organizations include the Mental Health Board, the St. Louis Housing Authority, the St. Louis Office for Mental Retardation & Developmental Disability Resources, and the St. Louis Public Library.

4) Joint Venture

St. Louis Regional Convention and Sports Complex Authority (Authority)

The Authority, established in 1990 as a separate legal entity by an Act of the Missouri State legislature, is governed by an 11-member board of commissioners. The mayor of the City and the county executive of St. Louis County, Missouri (the County) each appoint three members and the governor of the State appoints the remaining five commissioners. The Authority is considered a joint venture of the City, the County, and the State because the three governments have entered into a contractual agreement with the Authority to sponsor the issuance of convention facility bonds, to repay the facility bonds through rental payments to the Authority, and to make annual preservation payments for facility maintenance and renovations, all of which create an ongoing financial responsibility of the City. The Authority is subject to joint control of the City, the County, and the State. Complete financial statements for the Authority can be obtained from the Authority's administrative offices at 901 North Broadway, St. Louis, Missouri 63101.

5) Pension Trust Funds

Financial information for the pension trust funds has been included within the accompanying financial statements as of September 30, 2014, which is the fiscal year end of the retirement plans, which falls within the City's current fiscal year end (also see note 10).

Government-wide and Fund Financial Statements

The government-wide financial statements (that is, the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City and its component units. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on charges for services. Likewise, the City is reported separately from certain legally separate component units for which the City is financially accountable.

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The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges for services to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, unrestricted interest earnings, gains, and other miscellaneous revenues not properly included among program revenues are reported instead as general revenues.

Following the government-wide financial statements are separate financial statements for governmental funds, proprietary funds, and fiduciary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The City has determined that the general fund, the capital projects fund, and the grants fund are major governmental funds. All other governmental funds are reported in one column labeled "Other Governmental Funds". The total fund balances for all governmental funds is reconciled to total net position for governmental activities as shown on the statement of net position. The net change in fund balance for all governmental funds is reconciled to the total change in net position as shown on the statement of activities in the government-wide statements. The City has three enterprise funds (business-type activities): Lambert-St. Louis International Airport (the Airport), the Water Division of the City of St. Louis (the Water Division), and the Parking Division. Each of these enterprise funds is a major fund within the fund financial statements. Additionally, the City has four internal service funds (governmental activities): PFPC, mailroom services, health and equipment services. All internal service fund activity is combined into a single column on the proprietary fund statements, since major fund reporting requirements do not apply to internal service funds.

The fund financial statements of the City are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund balances/net position, revenues and expenditures, or expenses. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

1) Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The acquisition, uses, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income.

The following are the City's governmental major funds:

General Fund—The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund—The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed

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by proprietary funds. This fund accounts for acquisition or construction of capital improvements, renovations, remodeling, and replacement for the City's major capital projects.

Grants Fund—The grants fund is a special revenue fund that is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes. The grants fund accounts for the majority of the City's federal grant programs received from the U.S. Department of Health and Human Services, U.S. Department of Housing and Urban Development, U.S. Department of Justice, U.S. Department of Labor, U.S. Department of Transportation, and various other federal agencies.

The other governmental funds of the City are considered nonmajor. They are special revenue funds, which account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes, and a debt service fund, which accounts for the accumulation of resources for, and repayment of, general obligation long-term debt principal, interest, and related costs.

2) Proprietary Fund Types

Proprietary funds are used to account for activities that are similar to those found in the private sector. The measurement focus is on the determination of net income and capital maintenance.

The following are the City's proprietary fund types:

Enterprise—Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs (including depreciation) of operations are financed primarily through user charges. Enterprise funds have been established for the Airport, the Water Division, and the Parking Division. The Airport is used to account for the activities of the Airport. The principal services provided are financed primarily through landing fees and terminal concession revenues. The Water Division is used to account for sale of water to the general public and the operation of the water delivery system. The Parking Division is used to account for the operation of public parking facilities and parking meters. Each of the enterprise funds is a major fund in the fund financial statements.

Internal Service—Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis. An internal service fund has been established for PFPC, mailroom services, health, and equipment service. The PFPC fund is used to account for payment of workers' compensation and various other claims against legal actions on behalf of other funds. The mailroom services fund is used to account for mail-handling services provided to other funds. The health fund is used to account for payment of health insurance claims for participants. The equipment service fund is used for the purchase and distribution of fuel to various city departments.

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3) Fiduciary Fund Types

Trust and Agency—Trust and agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, or other governmental units. These include pension trust funds and agency funds. Pension trust funds are accounted for and reported similar to proprietary funds. The pension trust funds account for the Firemen's Retirement System of St. Louis (Firemen's System), the Firefighters' Retirement Plan (Firefighter's Plan), the Police Retirement System of St. Louis (Police System), and the Employees' Retirement System of the City of St. Louis (Employees' System) pension benefits. Agency funds are accounted for using the accrual basis of accounting. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds account for activities of the collector of revenue, property tax escrow, general insurance, bail bonds, license collector, circuit clerk, police and other agency operations.

Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting, as are the proprietary fund, pension trust fund, and discretely presented component unit financial statements. Agency funds adhere to the accrual basis of accounting, and do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. At year-end, entries are recorded for financial reporting purposes to reflect the modified accrual basis of accounting for governmental fund types, and the accrual basis of accounting for the proprietary fund types, pension trust funds, and agency funds.

Under the modified accrual basis of accounting, revenues are recorded when both measurable and available. The term "available" is defined as collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. For the City, available is defined as expected to be received within 60 days of fiscal year-end, except for government grants, which is within 120 days of fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due (that is, matured).

GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, groups nonexchange transactions into the following four classes, based upon their principal characteristics: derived tax revenues, imposed nonexchange revenues, government mandated nonexchange transactions, and voluntary nonexchange transactions.

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The City recognizes assets from derived tax revenue transactions (such as city earnings and payroll taxes, sales and utilities gross receipt taxes) in the period when the underlying exchange transaction on which the tax is imposed occurs or when the assets are received, whichever occurs first. Revenues are recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred. Resources received in advance are reported as unearned revenues until the period of the exchange.

The City recognizes assets from imposed nonexchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Revenues are recognized in the period when the resources are required to be used for the first period that use is permitted. The City recognizes revenues from property taxes, net of estimated refunds and estimated uncollectible amounts, in the period for which the taxes are levied. Imposed nonexchange revenues also include permits, court fines, and forfeitures.

Intergovernmental revenues, representing grants and assistance received from other governmental units, are generally recognized as revenues in the period when all eligibility requirements, as defined by GASB Statement No. 33, have been met. Any resources received before eligibility requirements are met are reported as deferred inflows of resources.

Charges for services in the governmental funds, which are exchange transactions and are, therefore, not subject to the provisions of GASB Statement No. 33, are recognized as revenues when received in cash because they are generally not measurable until actually received, with the exception of refuse charges.

Under the accrual basis of accounting used by the proprietary fund types and pension trust funds, revenues are recognized when earned and expenses are recognized when incurred. Unbilled service revenues are accrued by the Airport and the Water Division based on estimated billings for services provided through the end of the current fiscal year.

Proprietary 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 a proprietary fund's principal ongoing operations. The principal operating revenues of the Airport enterprise fund are revenues from airlines, concessions, and parking. Transactions that are capital, financing, or investing related are reported as nonoperating revenues. The principal operating revenues of the Water Division enterprise fund, the Parking Division enterprise fund, and internal service funds are charges to customers for sales and services. All expenses related to operating the Airport enterprise fund are reported as operating expenses. Interest expense, financing costs, and miscellaneous expenses are reported as nonoperating expenses. Operating expenses for the Water Division enterprise fund, the Parking Division enterprise fund, and internal service funds include the cost of sales and services, administrative expenses, and depreciation and amortization. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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For the pension trust funds, under the accrual basis of accounting, contributions are recognized in the period in which the contributions are due and benefits are recognized when they become due and payable.

Property Taxes

Taxes are levied annually in November based on the assessed valuation of all real and personal property located in the City as of the previous January 1 and use is first permitted the following fiscal year. The City tax rate levied in November 2014 was \$1.6063 per \$100 (in dollars) of assessed valuation of which \$1.4733 (in dollars) is for the general fund and \$0.133 (in dollars) is for the debt service fund. Taxes are billed in November and are due and collectible on December 31. All unpaid taxes become delinquent on January 1 of the following year and attach as an enforceable lien on the related property at that date.

Cash and Investments

The City Treasurer maintains a cash and investment pool that is available for use by all funds including certain component units, except pension trust funds. In accordance with the City's budget ordinance the majority of investment income is considered earned by the general fund except for earnings otherwise legally restricted for a specific purpose. Income from investments associated with one fund is not assigned to another fund for other than legal or contractual reasons. In addition, cash and investments are separately maintained by other City officials, several of the City's departments and third-party trustee and fiscal agents.

Investments are recorded at fair value. Fair values for investments are determined by closing market prices at year-end as reported by the investment custodian. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments.

The City invests in various investments. Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the fair values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Inventories

Inventories are recorded at cost using a method that approximates the first-in, first-out method or the moving average cost method, and the expense is recognized when inventories are consumed in operations.

Capital Assets

1) Governmental Activities Capital Assets

Capital assets, which include buildings, improvements, equipment, and infrastructure assets (for example, roads, bridges, docks, promenade, traffic signals, and similar items), are reported in the governmental activities column in the government-wide financial statements, net of accumulated depreciation. Capital assets are defined by the City as assets with an estimated useful life in excess of one year with an initial, individual cost of \$5 or more, infrastructure with a cost of \$500 or

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more, building improvements with a cost of \$100 or more, and all land, land improvements, and buildings.

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. General infrastructure assets acquired prior to July 1, 2001 consist of the road network and other infrastructure assets that were acquired or that received substantial improvements subsequent to June 30, 1980 and are reported at estimated historical cost using deflated replacement cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

The City has determined that all works of art and historical treasures other than the City's statues, monuments, and fountains meet the definition of a collection, and accordingly, has not capitalized these assets. A collection is defined as:

- Held for public exhibition and education
- Protected, cared for, and preserved
- Subject to an organizational policy that requires the proceeds from the sale to be used to acquire other items for the collection.

The City has adopted a policy related to the sale of these assets, stating that the proceeds from the sale of any City-owned collections, in part or in its entirety, will be used for the acquisition of collection items.

All City-owned statues, monuments, and fountains are capitalized at their historic cost based upon original acquisition, construction documents, or estimates of original costs. Because of the nature of these assets and the manner in which the City maintains its historic treasures, these assets are considered inexhaustible, and therefore, are not subject to depreciation.

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, except for roads, which is computed using the composite method. The estimated useful lives of depreciable capital assets are as follows:

	<u>Years</u>
Buildings	40 to 99
Improvements other than buildings	3 to 40
Equipment	3 to 20
Police Automotive Equipment	3 to 15
Infrastructure	18 to 50
Intangibles	3 to 10

City management has evaluated prominent events or changes in circumstances affecting capital assets to determine whether any impairments of capital assets have occurred. Such events or changes in circumstances that were considered by the City management to be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or

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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.

2) Business-type Activities Capital Assets

Capital assets for the Airport, the Water Division, the Parking Division, and the mailroom are reported in the business-type activities column in the government-wide financial statements, net of accumulated depreciation.

3) Airport

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. The estimated useful lives of capital assets are as follows:

	<u>Years</u>
Pavings	5 to 30
Buildings and facilities	5 to 30
Equipment	3 to 20

4) Water Division

Capital assets were originally recorded in the accounts in 1958 and were based on an engineering study of the historical cost of properties constructed by employees of the Water Division. Accumulated depreciation, at the date the assets were recorded, was established after a review by a consulting firm.

Additions to capital assets subsequent to 1958 are recorded at historical cost. Provisions for depreciation of the capital assets are computed on a straight-line basis over the estimated useful lives of the assets and are charged to operating expenses. The estimated useful lives of depreciable assets are as follows:

	<u>Years</u>
Buildings and structures	44 to 55
Pumping equipment	28 to 44
Hydrants, transmission mains and lines	50 to 100
Meters	33
Other equipment	5 to 25

Net interest costs on funds borrowed to finance the construction are capitalized and depreciated over the life of the related asset.

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5) Parking Division

Capital assets are recorded at historical cost, including applicable interest incurred during the construction period. Donated capital assets are recorded at estimated fair market value at the date of donation. The contributions are reflected as capital contributions. Depreciation is computed using the straight-line method over the estimated useful lives of the various classes of assets. The estimated useful lives of assets for depreciable capital assets are as follows:

	<u>Years</u>
Buildings, land improvements, and parking garages	5 to 40
Equipment	5 to 15
Parking meters and lot equipment	5 to 10

Non-depreciable assets include land.

6) Mailroom

Capital assets are recorded at historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of the various classes of assets. The estimated useful life of equipment, other than computer equipment, is 10 years. The estimated useful life of computer equipment is five years.

7) Component Unit—SLDC

SLDC's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost. Historically, SLDC has maintained infrastructure asset records consistent with all other capital assets. SLDC generally capitalizes assets with costs of \$2,500 (in dollars) or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are generally treated as follows:

	<u>Years</u>
Buildings and structures	40
Improvements other than buildings (includes infrastructure)	3 to 25
Furniture, fixtures, and equipment	3 to 10

8) Component Unit—SWMDC

Capital assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives to the depreciable capital assets. The estimated useful lives of infrastructure is 30 to 40 years.

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Long-term Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position/statement of fund net position.

Pensions

In accordance with the City's adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense have been recognized in the financial statements.

The net pension liability is calculated as the difference between the actuarially calculated value of the projected benefit payments attributed to past periods of service and the plans' fiduciary net position. The total pension expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total pension liability, plan administrative expenses, current year benefit changes, and other changes in plan fiduciary net position less employee contributions and projected earnings on plan investments. Additionally, the total pension expense includes the annual recognition of outflows and inflows of resources due to pension assets and liabilities.

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, pension expense and expenditures associated with the City's contribution requirements, information about the fiduciary net position of the retirement plans, and addition to/deductions from the retirement plans' fiduciary net position have been determined on the same basis as they are reported within the separately issued retirement plans' financial statements. For this purpose benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with terms of the plan. Investments are reported at fair value.

Passenger Facility Charges (PFCs)

The Airport collects a \$4.50 (in dollars) facility charge per enplaned passenger to fund approved Federal Aviation Administration (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, 2015 were \$3,471. This amount was collected during July and August 2015.

Capital Contributions

Capital contributions to the proprietary fund type represent government grants and other aid used to fund capital projects. Capital contributions are recognized as revenue when the expenditure is made and amounts become subject to claim for reimbursement. Amounts received from other governments by the proprietary fund type, which are not restricted for capital purposes, are reflected as nonoperating intergovernmental revenue.

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Capitalization of Interest

Net interest costs on funds borrowed to finance the construction of capital assets are capitalized and depreciated over the life of the related asset for business-type activities and proprietary fund types. Interest is not capitalized for governmental activities or governmental fund types.

Bond Premiums, Discounts, and Issuance Costs

In government-wide financial statements and the proprietary fund types in the fund financial statements, bond discounts are recorded as a reduction of the debt obligation and bond premiums are recorded as an addition to the debt obligation. Such amounts are amortized using the interest method or bonds-outstanding method over the term of the related revenue bonds. Bond issuance costs should be recognized as an outflow of resources and expensed rather than amortized.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are included in interest expense when incurred.

Deferred Inflow/Outflow of Resources

A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period and a deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources has a negative impact on net position similar to liabilities but is required to be reported within the statement of net position in a separate section following liabilities and the total may be added to the total for liabilities. A deferred outflow of resources has a positive effect on net position similar to assets but is required to be reported in the statement of net position in a separate section following assets and the total may be added to the total for assets.

Deferred outflows/inflows of resources include 1) unamortized losses/gains on bond refundings, which are deferred and amortized over the shorter of the remaining life of the old debt or the life of the new debt, 2) contributions made to retirement plans after the pension liability measurement date, and 3) various other pension related amounts (see note 10).

Vacation and Sick Leave

The vacation and sick policy for all departments of the City, except the police department are as follows:

The City grants vacation to full-time and part-time employees who work 50% of full-time or more based on years of continuous service. The entire accrued benefit liability related to the City's vacation and sick leave has been recorded in the government-wide financial statements and in the proprietary funds in the fund financial statements. Amounts have been recorded in the governmental fund financial statements as part of accrued salaries and other benefits, since such amounts came due (that is, matured) during the fiscal year ended June 30, 2015.

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Non-uniformed employees retiring after June 30, 2001 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 government-wide financial statements and the proprietary funds in the fund financial statements representing one-half of the accumulated sick leave balance for those employees who will be eligible to retire within five years.

The vacation and sick leave policy for the employees of the police department are as follows:

Vacation and designated holiday pay is granted to full-time employees based on years of continuous service and will be paid to employees upon resignation, retirement, or death.

Both commissioned and civilian employees accumulate sick leave hours and will be paid a minimum of 25% of their unused sick leave upon termination of employment. The liability for accrued sick leave pay has been calculated using the vesting method. Commissioned and civilian employees retiring from SLPD with 1600+ hours of sick leave accrued and 20+ years of service will be paid 25% of their unused sick leave plus one additional month's salary. Commissioned employees retiring from SLPD with 2200+ hours of sick leave accrued and 30+ years of service will be paid 50% of their unused sick leave. Civilian employees retiring from SLPD with 2200+ hours of sick leave accrued and who have 85 points (years of service plus age) or reached age 65 will be paid 50% of their unused sick leave.

Effective June 30, 2011, at point of termination, all benefit payouts greater than \$3 are paid in thirds as follows: first third is paid immediately, second third is paid twelve months from first payment and the third and the final third is paid twelve months from the second payment.

Interfund Transactions

In the fund financial statements, the City has the following types of transactions among funds:

1) Transfers

Legally authorized transfers are reported when incurred as transfers in by the recipient fund and as transfers out by the disbursing fund.

2) Interfund Services Provided/Used

Charges or collections for services rendered by one fund for another are recognized as revenues (interfund services provided) of the recipient fund and expenditures or expenses (interfund services used) of the disbursing fund. These transactions are recorded as interfund services because they would be treated as revenues and expenditures or expenses if they involved organizations external to the City.

Within the accompanying activity from the statement of activities, interfund services provided and used are not eliminated from the various functional categories. Transfers are eliminated from the various functional categories.

Certain internal payments are treated as program revenues, such as internal services provided and used. Certain internal payments are treated as a reduction of expense, such as reimbursements.

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Fund Balance Designation

In the governmental fund financial statements the City maintains nonspendable, restricted, committed, assigned and unassigned fund balances.

Within the fund financial statements, the fund balance is reported as follows:

- **Nonspendable:** This consists of resources not in spendable form or are legally or contractually required to remain intact.
- **Restricted:** This consists of amounts that can be spent only for the specific purpose stipulated by constitution, external parties (e.g., grantors, creditors, or other governments), or enabling legislation.
- **Committed:** This consists of amounts that can only be used for specific purposes pursuant to formal action of the government's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit these amounts. Committed balances are classified as such as a result of the City of St. Louis Board of Aldermen taking formal action and adopting an ordinance which can only be modified or rescinded by a subsequent formal action.
- **Assigned:** This consists of amounts constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Per City policy, assigned balances are a result of the Board of Estimate and Apportionment approval and authorization of projects or actions prior to July 1, 2015.
- **Unassigned:** This consists of residual fund balances that do not meet the criteria of nonspendable, restricted, committed, or assigned.

The City's policy is to apply expenditures to restricted resources first, then committed, then assigned, and unassigned, respectively, as applicable.

Net Position

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

1) Net Investment in Capital Assets

This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition and construction of those assets.

2) Restricted

This consists of net position that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. Net position restricted by statutory restrictions

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represent tax and other revenue sources that are required by statute to be expended only for a specific purpose or purposes.

3) Unrestricted

This consists of net position that do not meet the definition of “restricted” or “invested in capital assets.”

Statement of Cash Flows

For the purpose of the statement of cash flows, cash and cash equivalents are defined as all highly liquid investments (including restricted assets) with a maturity of three months or less at the date of purchase.

Use of Estimates

The preparation of the basic 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 basic financial statements, and the reported amounts of revenue, expenses, and expenditures during the reporting period. Actual results could differ from those estimates.

Individual Fund Deficit

At June 30, 2015, the Assessor’s Office nonmajor governmental fund has a deficit fund balance of \$188. This amount will be offset by future taxes.

Current Adoption of GASB Statements

Effective for the year ended June 30, 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment to GASB Statement No. 27*, which establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, expenses, and expenditures. The statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The implementation of this statement significantly impacted the City’s financial statements and footnote disclosures with the recognition of net pension liability, deferred outflows of resources and deferred inflows of resources.

Additionally, the requirement of this statement resulted in the restatement of beginning net position. Information regarding the City’s participation in the retirement plans is disclosed in Note 10.

During the year ended June 30, 2015, the City adopted GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, which addresses an issue regarding the application of the transition provisions of GASB Statement No. 68. The statement clarifies the accounting for contributions to a defined benefit pension plan after the measurement date of a government’s beginning net pension liability. The provisions of this statement were incorporated with the implementation of GASB Statement No. 68.

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The effect of the implementation on beginning net position is as follows:

		Business-type Activities				
		Governmental Activities	Lambert - St. Louis International Airport	Water Division	Parking Division	Total
Net position July 1, 2014, as previously reported	\$	(149,928)	1,081,888	176,283	32,637	1,290,808
Restatement for pension accounting:						
Effect of:						
Net pension asset		(3,416)	3,992	—	—	3,992
Net pension liability		(304,392)	(19,820)	(9,272)	(1,558)	(30,650)
Pension related deferred outflow of resources:						
City contributions subsequent to the measurement date		18,286	2,456	1,569	337	4,362
Total restatement		(289,522)	(13,372)	(7,703)	(1,221)	(22,296)
Net position July 1, 2014, as restated	\$	(439,450)	1,068,516	168,580	31,416	1,268,512

Implementation of Future Accounting Standards

GASB Statement No. 72, *Fair Value Measurement and Application*, was issued in February 2015. This statement addresses accounting and financial reporting issues related to fair value measurements. The statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The requirements of this statement are effective for the year ending June 30, 2016. The City has not evaluated the impact of this statement.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*, was issued in June 2015. The objective of this statement is to improve the usefulness of information about pensions and clarifies the application of certain provisions of Statements No. 67 and 68. The requirements of this statement are effective for the City for the year ending June 30, 2017. The City has not evaluated the impact of this statement.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued in June 2015. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental other postemployment benefit plans for making decisions and assessing accountability. The requirements of this statement are effective for the City for the year ending June 30, 2016. The City has not evaluated the impact of this statement.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective for the City beginning with the year ending June 30, 2018. The objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or

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OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, was issued June 2015. The objective of this statement is to identify the hierarchy of generally accepted accounting principles. This statement reduces the generally accepted accounting principles (GAAP) hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified with a source of authoritative GAAP. The requirements of this statement are effective for the City for the year ending June 30, 2016. The City has not evaluated the impact of this statement.

GASB Statement No. 77, *Tax Abatement Disclosures*, will be effective for the City beginning with its year-end June 30 2017. The objective of this statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs in order to better assess the government's financial position and results of operations.

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2. DEPOSITS AND INVESTMENTS

a. Primary Government

The following is a reconciliation of the City's deposit and investment balances as of June 30, 2015:

As the investment strategies and associated risks for the Firemen's System, the Firefighter's Plan, the Police System, and the Employees' System are substantially different than those of the remainder of the primary government, the deposit and investment disclosures for the Firemen's System, Firefighters' Plan, Police System, and Employees' System are presented separately from those of the remainder of the primary government.

	<u>Cash and Cash and Equivalents</u>	<u>Investments</u>	<u>Restricted Cash</u>	<u>Restricted Investments</u>	<u>Total</u>
Government-wide statement of net position	\$ 169,541	102,963	79,262	173,141	524,907
Fiduciary statement of fiduciary net position —agency funds	<u>22,150</u>	<u>—</u>	<u>2,437</u>	<u>—</u>	<u>24,587</u>
Total primary government excluding pension trust funds	<u>191,691</u>	<u>102,963</u>	<u>81,699</u>	<u>173,141</u>	<u>549,494</u>
Fiduciary statement of fiduciary net position —pension trust funds:					
Firemen's System	3,735	496,399	—	—	500,134
Firefighter's Plan	1,098	18,554	—	—	19,652
Police System	7,398	722,381	—	—	729,779
Employees' System	<u>217</u>	<u>779,325</u>	<u>—</u>	<u>—</u>	<u>779,542</u>
Total pension trust funds	<u>12,448</u>	<u>2,016,659</u>	<u>—</u>	<u>—</u>	<u>2,029,107</u>
Total primary government	<u>\$ 204,139</u>	<u>2,119,622</u>	<u>81,699</u>	<u>173,141</u>	<u>2,578,601</u>

1) Primary Government Excluding Pension Trust Funds

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.

Certificates of deposit are defined as investments for statement of net position/balance sheet/statement of fund net position 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 on the statement of net position /balance sheet/statement of fund net position, but as investments for custodial risk disclosure.

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As of June 30, 2015, the primary government (excluding the pension trust funds) had the following cash deposits and investments:

Federal National Mortgage Association	\$	44,116
Federal Home Loan Mortgage Corp.		13,883
Federal Home Loan Bank		127,612
Federal Farm Credit Discount Notes		4,828
Federal Agricultural Mortgage Corp.		3,401
Farmers Mac		200
United States Treasuries		57,105
Tennessee Valley Authority		1,585
Commercial Paper		27,576
Money Market Mutual Funds		66,133
Certificates of Deposit		4,820
Other Cash Deposits		198,235
	\$	<u>549,494</u>

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 U.S. Government or any agency or instrumentality thereof; bonds of the State, the City, or any city within the state with a population of 400,000 inhabitants or more; or time certificates of deposit. In addition, the City may enter into repurchase agreements maturing and becoming payable within 90 days secured by U.S. Treasury obligations or obligations of the U.S. 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.

Additionally, the City's indentures with its bond trustees also permit City bond proceeds to be invested in commercial paper having an original maturity of 270 days or less and rated "A-1" or better by Standard & Poor's Corporation and "P-1" by Moody's Investors Service, money market funds rated "AAAM" or "AAAM-G" by Standard & Poor's Corporation, and other obligations fully and unconditionally guaranteed by the U.S. Government. These investments, while permitted by the indentures with the bond trustees, are not permitted by the Investment Policy for the City of St. Louis, Missouri (Investment Policy).

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be adversely affected by a change in interest rates. The City 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

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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 the bond issue.

The investments of the primary government (excluding the pension trust funds) had the following maturities on June 30, 2015:

	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Federal National Mortgage Association	\$ 44,116	25,715	18,401	—	—
Federal Home Loan Mortgage Corp.	13,883	7,149	6,734	—	—
Federal Home Loan Bank	127,612	82,784	44,828	—	—
Federal Farm Credit Discount Notes	4,828	4,828	—	—	—
Federal Agricultural Mortgage Corp.	3,401	3,401	—	—	—
Farmers Mac	200	200	—	—	—
United States Treasuries*	57,105	40,571	16,534	—	—
Tennessee Valley Authority	1,585	—	1,585	—	—
Commercial Paper	27,576	27,576	—	—	—
Money Market Mutual Funds	66,133	66,133	—	—	—
	<u>\$ 346,439</u>	<u>258,357</u>	<u>88,082</u>	<u>—</u>	<u>—</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. 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.

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The investments of the primary government (excluding the pension trust funds) were rated as follows by Moody's Investors Service, Standard & Poor's Corporation, or Fitch's Ratings Service as of June 30, 2015:

	<u>Fair Value</u>	<u>AAA</u>	<u>A-1+</u>	<u>AA+</u>	<u>A-1</u>	<u>Not Rated</u>
Federal National						
Mortgage Association	\$ 44,116	—	13,143	19,276	—	11,697
Federal Home Loan						
Mortgage Corp.	13,883	—	—	13,883	—	—
Federal Home Loan Bank	127,612	—	10,925	111,550	—	5,137
Federal Farm Credit						
Discount Notes	4,828	—	—	—	—	4,828
Federal Agricultural						
Mortgage Corp.	3,401	—	—	—	—	3,401
Farmers Mac	200	—	—	—	—	200
United States Treasuries*	57,105	—	—	—	—	57,105
Tennessee Valley						
Authority	1,585	—	—	1,585	—	—
Commercial Paper	27,576	—	5,522	—	22,054	—
Money Market Mutual						
Funds	66,133	66,133	—	—	—	—
	<u>\$ 346,439</u>	<u>66,133</u>	<u>29,590</u>	<u>146,294</u>	<u>22,054</u>	<u>82,368</u>

*The City's investments in United States Treasuries are explicitly guaranteed by the United States government and therefore do not require a rating.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of the investments, collateral securities, or deposits that are in the possession of the counterparty. Custodial credit risk is the risk that, in the event of the failure of a counterparty, the City 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 United States or an agency or instrumentality of the United States, bonds of the State 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, 2015, the following City investments are held by the counterparty's trust department or agent, and are not in the City's name: \$8,382 of Federal National Mortgage Association securities, \$30 of Federal Home Loan Mortgage Corporation securities, and \$29,980 Federal Home Loan Bank securities. All remaining City investments and collateral securities pledged against City deposits are held by the counterparty's trust department or agent in the City's name.

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Concentration of Credit Risk

The Investment Policy provides that, with the exception of U.S. Treasury Securities and Other Cash Deposits, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

At June 30, 2015, the concentration of the City's deposits and investments was as follows:

Federal National Mortgage Association	8.03%
Federal Home Loan Mortgage Corp.	2.52
Federal Home Loan Bank	23.22
Federal Farm Credit Discount Notes	0.88
Federal Agricultural Mortgage Corp.	0.62
Farmers Mac	0.04
United States Treasuries	10.39
Tennessee Valley Authority	0.29
Commercial Paper	5.02
Money Market Mutual Funds	12.03
Certificates of Deposit	0.88
Other Cash Deposits	36.08
	100.00%

2) Primary Government—Pension Trust Fund—Firemen's System

As of September 30, 2014, the Firemen's System had the following cash deposits and investments:

Common stock	\$ 194,459
Collective investment—equity	62,465
Limited partnership units	30,844
Hedge funds—equity	48,891
Collective investment—bonds	65,571
Corporate Bonds	28,130
Real estate investment trust	58,677
Money market funds	7,362
Other cash deposits	3,735
	\$ 500,134

Marketable securities are stated at fair value. Fair values are based on the last reported sales price on September 30 or on the last reported bid price if no sale was made on that date.

The Firemen's System's investments are continuously exposed to various types of inherent risks. These risks are mitigated by the Firemen's System's development and continual monitoring of sound investment policies. The investment maturities, credit rating by investment, and foreign currency exposures by asset class schedules are presented to provide an illustration of the Firemen's System's current level of exposure to various risks.

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The following schedule provides a summary of the fixed income investment maturities by investment category, which helps demonstrate the current level of interest rate risk assumed by the Firemen's System as of September 30, 2014:

	Fair value	Investment maturities (in years)			
		Less than 1	1-5	6-10	More than 10
Collective investment – bonds	\$ 65,571	5,676	20,242	30,491	9,162
Corporate bonds	28,130	759	4,214	22,232	925
	<u>\$ 93,701</u>	<u>6,435</u>	<u>24,456</u>	<u>52,723</u>	<u>10,087</u>

The Firemen's System's fixed income investments level of exposure to credit risk, or the risk that an issuer or other counterparty to an investment will not fulfill its obligations, is demonstrated by the following table as of September 30, 2014:

Credit rating level	Total	Collective investment	Corporate bonds
AAA	\$ 29,951	29,951	—
AA	5,319	5,319	—
A	11,298	11,298	—
BBB	12,389	12,302	87
BB	13,579	2,977	10,602
B	18,232	2,516	15,716
CCC	965	—	965
Not rated	1,968	1,208	760
	<u>\$ 93,701</u>	<u>65,571</u>	<u>28,130</u>

Certain collective investment funds are classified by average credit rating levels of the portfolios.

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Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Firemen's System's policy is to allow the individual investment managers to decide what action to take regarding their respective portfolio's foreign currency exposure. The following table demonstrates the Firemen's System's current level of foreign currency exposure as of September 30, 2014:

	Money market	Equities	Fixed income	Hedge fund	Real estate investment trust	Total
Australian Dollar	\$ —	2,045	—	—	—	2,045
British Pound Sterling	—	11,861	—	—	—	11,861
Canadian Dollar	—	1,029	—	—	—	1,029
Danish Krone	—	2,046	—	—	—	2,046
Euro	—	21,875	—	—	—	21,875
Hong Kong Dollar	—	1,845	—	—	—	1,845
Japanese Yen	—	4,746	—	—	—	4,746
Singapore Dollar	—	904	—	—	—	904
South Korean Won	—	808	—	—	—	808
Swedish Krona	—	770	—	—	—	770
Swiss Franc	—	6,564	—	—	—	6,564
Total foreign currency	—	54,493	—	—	—	54,493
U.S. Dollar	7,362	233,275	93,701	48,891	58,677	441,906
Total	<u>\$ 7,362</u>	<u>287,768</u>	<u>93,701</u>	<u>48,891</u>	<u>58,677</u>	<u>496,399</u>

Custodial credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Firemen's System's minimum credit quality rating for each issue shall be "BBB" (or its equivalent) at the time of purchase. In the event of a split-rating, the higher rating shall apply. The fixed income portfolio should have an average quality rating of at least "A" (or its equivalent). Commercial paper issues must be rated at least "A1" (or its equivalent) at the time of purchase. In the event of a split-rating, the higher rating shall apply. In the event of a downgrade below investment grade by any rating agency, the investment manager is required to notify the Board and investment consultant as soon as possible and to refrain from any further investment in the downgraded issue.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The effective duration of any fixed income portfolio shall not exceed 120% of the effective duration of the investment manager's broad market benchmark.

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Concentration of credit risk is the risk of loss attributed to the magnitude of the Firemen's System's investment in a single issuer. The Firemen's System's policy does not allow the concentration per issuer to exceed 5% of the portfolio's market value at cost, with the exception of cash, cash equivalents, U.S. Treasury, or U.S. Agency securities. Furthermore, the investment manager may not hold more than 5% of the outstanding shares of any single issuer with exception of U.S. Treasuries or Agencies. Investment in any single fund of hedge funds shall not exceed 10% of the fund's market value. It is the Firemen's System's policy to invest in each asset class ranging between a minimum and maximum as shown below:

Asset class as a percent of total assets			
Asset class	Minimum	Target mix	Maximum
Domestic equity:			
Large cap	13%	18%	23%
Small cap	3	8	13
International equities	19	24	29
Fixed Income	20	25	30
Real estate trust	10	15	20
Hedge fund	5	10	15

Long-term expected rate of return on the plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the system's target asset allocation as of September 30, 2014 are summarized in the following table:

Asset class	Long-term expected real rate of return
Domestic equity	4.3%
International equities	4.7
Fixed income	(1.3)
Real estate (REIT)	4.8
Nondirectional hedge fund of funds	2.2
Private equity (partnerships)	9.4
Money market	—

The above long-term expected real rate of returns represents best estimates of geometric rates of return for each major asset class included. These rates of return are shown net of inflation (assumed at 3%) and net of investment expenses (assumed at 0.5%).

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Liquidity risk is the risk that redemption notice periods are required and longer periods may be imposed before payment of redemption proceeds are settled for the following investments:

EnTrust Capital Diversified Fund QP, Ltd. (Hedge Fund)
Magnitude Institutional, LLC Class A (Hedge Fund)
The Principle U.S. Property Account (REIT)
Select Investment Institutional Multi-Strategy Ltd. Series R 0409 Fund (Hedge Fund)

Investments that exceed 5% or more of net assets held in trust for pension benefits for the Firemen's System at September 30, 2014 are as follows:

Aberdeen Core Plus Fixed Income Portfolio	\$ 60,281
The Principal US Property Account	58,677
Acadian International Small Cap Fund	29,516
Brandes Investment Trust Emerging Markets Fund	32,949

The Firemen's System participates in securities lending programs in order to enhance investment yield. In a securities lending transaction, the Firemen's System transfers possession—but not title—of the security to the borrower. Borrowers shall be rated AA, A, or higher by Moody's or Standard & Poor's. Collateral consisting of cash, letter of credit, U.S. government or agency securities, or floating rate notes of U.S. issuers is received and held by a financial institution. The collateral maintained is at least 102% of loan value for domestic securities and 105% of loan value for international securities of the market value of the securities lent. The Firemen's System maintains all the rights in the collateral of a secured lender under the Uniform Commercial Code. The Firemen's System continues to earn income on the loaned security. In addition, the Firemen's System receives 70% of the net lending fees generated by each loan of securities. The financial institution receives the remaining 30% of the net lending fees as compensation for its services provided in the securities lending program. The financial institution indemnifies operation risk and counter party risk. The Firemen's System authorizes the lending and loans of the following: domestic securities, U.S. Treasuries, corporate bonds, and equities. The Firemen's System does not have the ability to pledge or sell collateral securities without borrower default. Therefore, for accounting purposes, the financial statements do not reflect an increase in assets or liabilities associated with securities lent. At September 30, 2014, \$50,961 in loans were outstanding to borrowers. The Firemen's System earned income of \$271 for its participation in the securities lending program for the year ended September 30, 2014.

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3) Primary Government—Pension Trust Fund—Firefighter’s Plan

As of September 30, 2014, the Firefighter’s Plan had the following cash deposits:

Equities	\$ 6,183
Fixed income	4,194
Money market fund	8,177
Other cash deposits	1,098
	<u>\$ 19,652</u>

The Firefighter’s Plan investments are continuously exposed to various types of inherent risks. These risks are mitigated by the Firefighter’s Plan development and continual monitoring of sound investment policies. The Maturities and Credit Rating by Investment schedules are presented as follows to provide an illustration of the Firefighter’s Plan’s current level of exposure to various risks.

The following schedule provides a summary of the fixed income investment maturities by investment category, which helps demonstrate the current level of interest rate risk assumed by the Firefighter’s Plan as of September 30, 2014:

	Fair Value	Investment maturities (in years)			
		Less than 1	1 – 5	6 – 10	More than 10
Short-term bond ETF	\$ 4,194	—	4,194	—	—

The Firefighter’s Plan fixed income investments current level of exposure to credit risk, or the risk that an issuer or other counterparty to an investment will not fulfill its obligations, is demonstrated by the following table as of September 30, 2014:

Credit Rating Level	Total	Short-term Bond ETF
AAA	\$ 4,194	4,194

Custodial credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan’s minimum credit quality for each issue shall be “BBB” (or its equivalent) at the time of purchase. The fixed income portfolio should have an average quality rating of at least “A” (or its equivalent). In the event of a downgrade below investment grade by any rating agency, the Investment Manager is required to notify the Firefighter’s Plan and provide a plan for holding or disposition of said securities.

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest

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rate changes. The effective duration of any fixed income portfolio shall not exceed 120% of the effective duration of the Investment Manager's broad market benchmark.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Firefighter Plan's investment in a single issuer. The Firefighter's Plan policy does not allow the concentration per issuer to exceed 5% of the portfolio's market value, with the exception of U.S. government obligations. Furthermore, the investment manager may not hold more than 5% of the outstanding shares of any single issuer. It is the Firefighter's Plan policy to invest in each asset class ranging between a minimum and maximum as shown below:

Asset class	Asset class as a percent of total assets		
	Minimum	Target mix	Maximum
Global all-cap equity	55%	60%	65%
Domestic short-term fixed income	35	40	45

Long-term expected rate of return on the Firefighter's Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Firefighter's Plan's target asset allocation as of September 30, 2014 are summarized in the following table:

Asset class	Long-term Expected Real Rate Of Return
International equity	4.7%
Fixed income	(1.3)
Money market	—

The above long-term expected real rate of returns represents best estimates of geometric rates of return for each major asset class included. These rates of return are shown net of inflation (assumed at 3%) and net of investment expenses (assumed at 0.5%).

Investments that exceed 5% or more of net assets held in trust for pension benefits for the Firefighter's Plan at September 30, 2014 are as follows:

Vanguard International Equity ETF	\$	6,183
Vanguard Short-term Bond ETF		4,194
Northern Trust Collective Government Short-term Investment Fund		8,178

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4) Primary Government—Pension Trust Fund—Police System

As of September 30, 2014, the Police System had the following cash deposits and investments:

Equities:

Common stock	\$ 143,160
Collective investment funds	283,935
Real estate securities fund	28,428
Mortgaged-backed securities-government	2,863
Mortgaged-backed securities-non-government	14,866
Fixed income collective investment fund	97,448
Corporate bonds	47,638
Hedge funds of funds	30,342
Government securities	14,418
Short-term notes	2,500
Money market funds	46,505
Investment property	1,204
Partnership interest	9,074
Other cash deposits	7,398
	<u>\$ 729,779</u>

The Police System's bank deposits were fully secured or collateralized at September 30, 2014. The Police System's bank deposits and repurchase agreements were insured by the FDIC, collateralized with securities held by the Federal Reserve Bank in the Police System's name.

Marketable securities are stated at fair value. Fair values are based on the last reported sales price on September 30 or on the last reported bid price if no sale was made on that date. The real estate investment fund is valued by the fund manager based on independent real estate appraisals of the fund's holdings. The hedge fund of funds are carried at the value reported by the funds custodians based upon underlying investments. Investment property is reported at estimated fair value as determined by an independent real estate appraisal of the property.

The Police System's investments are continuously exposed to various types of inherent risks. These risks are mitigated by the Police System's development and continual monitoring of sound investment policies. The investment maturities, credit rating by investment, and foreign currency exposures by asset class schedules are presented below to provide an illustration of the Police System's current level of exposure to various risks.

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The following schedule provides a summary of the fixed income investment maturities by investment type, which helps demonstrate the current level of interest rate risk assumed by the Police System as of September 30, 2014:

	Fair Value	Investment maturities (in years)			
		Less than 1	1 – 5	6 – 10	More than 10
Mortgaged-backed securities – government	\$ 2,863	—	321	39	2,503
Mortgaged-backed securities – nongovernment	14,866	—	2,438	606	11,822
Collective investment funds	97,448	25,031	19,934	37,425	15,058
Corporate bonds	47,638	3,644	27,267	16,727	—
Government Securities	14,418	1,044	8,389	4,959	26
Short-term notes	2,500	2,500	—	—	—
	<u>\$ 179,733</u>	<u>32,219</u>	<u>58,349</u>	<u>59,756</u>	<u>29,409</u>

The Police System's fixed income investments current level of exposure to credit risk, or the risk that an issuer or other counterparty to an investment will not fulfill its obligations, is demonstrated by the following table as of September 30, 2014:

Credit rating level	Total	Government mortgage-backed securities	Nongovernment mortgage-backed securities	Collective investment funds	Corporate bonds	Government securities	Short-term notes
AAA	\$ 50,224	2,842	3,352	36,617	1,628	3,285	2,500
AA	34,790	—	486	16,543	7,800	9,961	—
A	79,457	—	5,562	42,637	31,258	—	—
BBB	6,431	—	—	1,651	4,780	—	—
BB	—	—	—	—	—	—	—
CCC	671	—	671	—	—	—	—
CC	—	—	—	—	—	—	—
D	289	—	289	—	—	—	—
Not Rated	7,871	21	4,506	—	2,172	1,172	—
	<u>\$ 179,733</u>	<u>2,863</u>	<u>14,866</u>	<u>97,448</u>	<u>47,638</u>	<u>14,418</u>	<u>2,500</u>

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Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Police System's policy is to allow the individual investment managers to decide what action to take regarding their respective portfolio's foreign currency exposure. The following table demonstrates the Police System's current level of foreign currency exposure as of September 30, 2014:

	Equities	Fixed Income	Money Market	Hedge Funds of Funds	Investment Property and Partnership	Total
Australian Dollar	\$ —	518	—	—	—	518
British Pound Sterling	1,409	1,648	—	—	—	3,057
Canadian Dollar	1,940	3,195	—	—	—	5,135
Euro	1,091	2,649	—	—	—	3,740
Indian Rupee	756	—	—	—	—	756
Israeli Shekel	230	—	—	—	—	230
Japanese Yen	—	286	—	—	—	286
Swiss Franc	1,230	718	—	—	—	1,948
Total foreign currency	6,656	9,014	—	—	—	15,670
U.S. Dollar	448,867	170,719	46,505	30,342	10,278	706,711
Total	\$ 455,523	179,733	46,505	30,342	10,278	722,381

Custodial credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fixed Income Portfolio must have an average rating of "A" or better in the aggregate as measured by at least one credit rating service. In cases where the yield spread adequately compensates for additional risk, securities rated lower than "A" may be purchased, provided overall fixed income quality is maintained. All issues will be of investment grade quality (BBB or Baa rated) or higher at the time of purchase. Up to 15% of the total market value of fixed income securities may be invested in BBB or Baa rated securities. In cases where credit rating agencies assign different quality ratings to a security, the lower rating will be used. Should the rating of a fixed income security fall below minimum investment grade, the investment manager may continue to hold the security if they believe the security will be upgraded in the future, there is low risk of default, and buyers will continue to be available throughout the anticipated holding period. The investment manager has the responsibility of notifying the Board of Trustees through their designee whenever an issue falls below investment grade.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The average effective duration of the aggregate portfolio, reflecting all instruments including Collateralized Mortgage Obligations and Asset-Backed Securities, must be maintained at plus or minus one year of the duration of the respective investment manager's benchmark index.

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Concentration of credit risk is the risk of loss attributed to the magnitude of the Police System's investment in a single issuer. It is the Police System's policy to invest in each asset class ranging between a minimum and maximum as shown below:

Asset class as a percent of total assets			
Asset class	Minimum	Target mix	Maximum
Fixed income	25%	28%	31%
Domestic Equities:			
Large Cap	17	21	25
Small Cap	4	5	6
Foreign equities:			
Non-U.S. developing markets	20	26	32
Emerging markets	4	7	10
Non-Directional Hedge Funds			
of Funds	3	4	5
Real Estate Equities	3	4	5
Private equity	—	4	8
Other	—	1	5

Long-term expected rate of return on the Police System investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Police System's target asset allocation as of September 30, 2014 are summarized in the following table:

Asset class	Long-term Expected Real Rate Of Return
Fixed income	(0.75)%
Domestic equity	4.85%
Foreign equity	5.25%
Non-directional hedge fund of funds	2.75%
Real estate (REIT)	5.35%
Private equity (partnerships)	9.95%
Money market	—

The above long-term expected real rate of returns represents best estimates of geometric rates of return for each major asset class included. These rates of return are shown net of inflation (assumed at 2.5%) and net of investment expenses (assumed at 0.45%).

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Liquidity risk is the risk that redemption notice periods are required and longer periods may be imposed before payment of redemption proceeds are settled for the following investments:

Bank of New York Mellon EB Global Real Estate Securities Fund
EnTrust Capital Diversified Fund QP, Ltd.
Falcon E&P Opportunities Fund, L.P.
GAM US Institutional Diversity, Inc.
NB Secondary Opportunities Fund, L.P.
Wellington Trust Company International Opportunities Fund

Investments which exceed 5% or more of net assets held in trust for pension benefits for the Police System are as follows:

Collective funds:

Trilogy International Group Trust I	\$ 94,660
J.P. Morgan CB Emerging Market Equity Focused Fund	44,852
Wellington Trust Company International Opportunities Fund	92,812
MFB Daily S&P 500 Equity Index Fund	51,610

The Police System participates in securities lending programs in order to enhance investment yield. In a securities lending transaction, the Police System transfers possession—but not title—of the security to the borrower. Collateral consisting of cash, letter of credit, or government securities is received and held by a financial institution. The broker/dealer collateralizes their borrowing (usually in cash) to 102% of the security value plus accrued interest, and this collateral is adjusted daily to maintain the 102% level. The Police System maintains all the rights in the collateral of a secured lender under the Uniform Commercial Code. The Police System continues to earn income on the loaned security. In addition, the Police System receives 70% of the net lending fees generated by each loan of securities. The financial institution receives the remaining 30% of the net lending fees as compensation for its services provided in the securities lending program. The financial institution indemnifies operational risk and counterparty risk. The Police System authorizes the lending of domestic securities, U.S. Treasuries, corporate bonds, and equities. The Police System does not have the ability to pledge or sell collateral securities without borrower default. Therefore, for accounting purposes, the financial statements do not reflect an increase in assets or liabilities associated with securities lent. Outstanding loans to borrowers at September 30, 2014 were \$58,225. The Police System earned income of \$161 for its participation in the securities lending program for the year ended September 30, 2014.

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5) Primary Government—Pension Trust Fund—Employees' System

As of September 30, 2014, the Employees' System had the following cash deposits and investments:

Common stocks	\$ 194,537
Managed international equity funds	186,792
Managed master limited partnerships	67,543
Bonds	85,989
Domestic bond funds	78,424
Real estate funds	79,853
Temporary cash investments	8,855
Managed hedge fund of funds	77,332
Other cash deposits	217
	<u>\$ 779,542</u>

The bank balances of the Employees' System at September 30, 2014 were insured by the Federal Deposit Insurance Corporation up to \$250. The remaining balances were collateralized by securities held by the pledging financial institution's trust department in the Employees' System's name.

Investments are reported at fair market value. Securities traded on a national or international exchange funds are valued at the unit value quoted by the investee entity. Security transactions and any resulting realized gains or losses are accounted for on a completed transaction basis. Commingled funds are valued at the unit value quoted by the investee entity based on the underlying asset values. Real estate funds and other managed funds are valued based on valuations of underlying investments as reported by fund managers.

Foreign Currency Risk

The Employees' System does not have a formal policy to limit foreign currency risk. Risk of loss arises from changes in currency exchange rates. The Employees' System's exposure to foreign currency risk is presented on the following table:

	<u>Short-term</u>	<u>Debt</u>	<u>Total</u>
British Pound	\$ 42	1,943	1,985
Australian Dollar	10	2,072	2,082
Canadian Dollar	—	790	790
Euros	8	7,797	7,805
Japanese Yen	24	3,639	3,663
Total	<u>\$ 84</u>	<u>16,241</u>	<u>16,325</u>

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Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligation to the Employees' System. Below is a list of fixed income credit quality ratings:

Quality rating		
Aaa/U.S. Governments	\$	81,451
Aa		9,983
A		23,770
Baa		26,196
Below Baa		23,257
Not Rated		1,045
Total	\$	<u>165,702</u>

All temporary cash investments held by the Employees' Retirement System at September 30, 2014 were unrated.

Interest Rate Risk

The Employees' System does not have a formal policy to limit interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of an investment. Duration is a measure of debt instrument's exposure to a change in interest rate and the related sensitivity of market price to parallel shifts in the yield curve. It uses the present value of cash flows, weighted for those cash flows as a percentage of the instrument's full price.

Investment	Fair value	Effective duration
Payden and Rygel	\$ 31,665	6.36 years
Allegiant (PNC)	55,612	5.15 years
SSGA	32,970	5.60 years
Loomis	26,127	4.24 years
Vanguard	19,328	7.90 years
	<u>\$ 165,702</u>	

The Employees' System participates in a securities lending program administered by a financial institution. Brokers who borrow the securities provide collateral, usually in the form of cash valued at 102% for domestic securities loaned, resulting in no credit risk for the system. At September 30, 2014, the term to maturity of the securities on loan is matched with the term to maturity of the investment of the cash collateral. These loans can be terminated on demand by either the lender or borrower. The Employees' System cannot pledge or sell non-cash collateral unless the borrower defaults. As of September 30, 2014, the Employees' System has lending arrangements outstanding with a market value for securities lent of \$3,462.

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Concentration of Credit Risk

At September 30, 2014, the Employees' System has the following concentrations, defined as investments (other than those issued or guaranteed by the U.S. Government) in any one organization, that represent five percent or more of total investments to the Employees' System:

Acadian Asset Management		
Emerging Market Fund	\$	49,577
INTECH Investment Management		
U.S. Large Cap Core Equity		78,112
LSV Asset Management		
U.S. Large Cap Value Equity		42,410
PNC Capital Advisors		
U.S. Broad Market Core Fixed Income		55,613
Principal Global Investors		
Real Estate Group Annuity Contract		79,853
Silchester International Advisors		
International Value Equity Group Trust		73,726
Walter Scott & Partners		
International Growth Equity Group Trust		39,148

b. Component Unit—SLDC

State statutes and SLDC investment policies are the same as for the primary government. SLDC funds, in the form of cash on deposit or certificates of deposit, are required to be insured or collateralized by authorized investments held in SLDC's name. At June 30, 2015, all but \$58 of SLDC's cash deposits were covered by federal depository insurance or collateral held by the pledging institution's trust department or agent in SLDC's name. At June 30, 2015, the market value of investments approximated the carrying value of \$757.

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3. RECEIVABLES, NET

	<u>Taxes</u>	<u>Intergovern- mental</u>	<u>Charges for Services</u>	<u>Notes and Loans</u>	<u>Insurance Recovery</u>	<u>Other</u>	<u>Total Receivables</u>
Governmental activities:							
General fund	\$ 98,178	3,468	3,870	—	—	2,984	108,500
Capital projects fund	3,705	1,355	27	—	—	503	5,590
Grants fund	—	8,426	—	—	—	4	8,430
Other governmental funds	45,630	722	1,239	—	—	692	48,283
Total governmental activities	<u>\$ 147,513</u>	<u>13,971</u>	<u>5,136</u>	<u>—</u>	<u>—</u>	<u>4,183</u>	<u>170,803</u>
Business-type activities:							
Airport	\$ —	11,504	2,321	—	800	4,775	19,400
Water Division	—	—	11,375	—	—	—	11,375
Parking Division	—	—	380	—	—	—	380
Total business-type activities	<u>\$ —</u>	<u>11,504</u>	<u>14,076</u>	<u>—</u>	<u>800</u>	<u>4,775</u>	<u>31,155</u>

All amounts are scheduled for collection during the subsequent fiscal year.

4. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The allowance for uncollectible accounts, which has been deducted from the related receivable in the government-wide statement of net position and fund financial statements, consists of the following balances:

Governmental activities:	
Taxes receivable—general fund	\$ 729
Taxes receivable—other governmental funds	119
License and permits receivable—general fund	25
Charges for services receivable—general fund	2,108
Charges for services receivable—other governmental funds	214
Business-type activities:	
Charges for services receivable—Airport	20
Charges for services receivable—Water Division	3,367
	<u>\$ 6,582</u>

5. COMPONENT UNIT—SLDC RECEIVABLES

SLDC notes and loans receivable consist principally of small business loans made to facilitate business growth. The commercial loans are primarily financed utilizing funds provided by the Community Development Administration (CDA) of the City, Economic Development Administration, Environmental Protection Agency, and the State. The proceeds from any repayment of these loans are generally payable back to the funding source or re-loaned in accordance with the lending program. Grantor funds received for these lending programs are recorded as a liability.

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6. RESTRICTED ASSETS

a. Airport

Cash and investments, restricted in accordance with bond provisions, are as follows at June 30, 2015:

Airport bond fund:	
Debt service account	\$ 59,244
Debt service reserve account	36,880
Airport renewal and replacement fund	3,500
Passenger facility charge fund	14,874
Airport debt service stabilization fund	38,211
Airport construction fund	5,748
Drug enforcement agency funds	<u>2,048</u>
	<u>\$ 160,505</u>

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:

- 1) *Unrestricted Airport Operation and Maintenance Fund*: an amount sufficient to pay the estimated operation and maintenance expenses during the next month.
- 2) *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.
- 3) *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.
- 4) *Arbitrage Rebate Fund*: an amount necessary to fund the Arbitrage Rebate in order to pay the Rebate Amount when due and payable.
- 5) *Subordinated Indebtedness*: an amount sufficient to pay Subordinated Indebtedness in accordance with the authorizing and implementing documents for such Subordinated Indebtedness.
- 6) *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

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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.

- 7) *A sub-account 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 sub-account 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 sub-account 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.
- 8) *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).
- 9) 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.

b. Water Division

Cash restricted in accordance with bond provisions and City ordinances at June 30, 2015 is as follows:

Bond funds:	
Waterworks bond fund	\$ 216
Water replacement and improvement account	750
Total bond funds	966
Customer deposits	2,533
Total restricted cash	\$ 3,499

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Bond fund provisions require that revenues derived from the operation of the Waterworks System be deposited in the Waterworks Revenue Account. From this account, the following allocations are made on the first business day of each month in the following order of priority:

Series 2011 Water Revenue Refunding Bond Funds

1. To the unrestricted *Waterworks Operations and Maintenance Fund*, an amount sufficient to pay the estimated operation and maintenance expenses during the next month.
2. To the *Waterworks Bond Fund*, an amount at least equal to 1/6 of the amount of interest that will come due on the next interest payment date, plus an amount at least equal to 1/12 of the aggregate principal amount of bonds that will come due on the next bond maturity date. This account shall be used only for the payment of bond principal and interest, as the same shall become due.
3. To the *Water Revenue Debt Service Reserve Account*, a sum equal to the Debt Service Reserve Fund Requirement or a debt service reserve fund policy or a surety bond shall be provided by a Bond Insurer in such amount or a letter of credit shall be provided by a bank acceptable to the City in such amount. All amounts paid and credited to this account shall be used solely to prevent any default in the payment of the principal of and interest on the Bonds.
4. To the *Water Replacement and Improvement Fund*, an amount equal to \$25 per month until the account balance aggregates \$750. This account shall be used for making replacements, extensions, and improvements to the Waterworks System, and for the purpose of meeting unforeseen contingencies and emergencies arising in the operation of the Waterworks System of the City.
5. The remaining balance in the *Waterworks Revenue Fund* is deposited into the unrestricted Water Contingent Fund. This money shall be used for paying the cost of the operation, maintenance, and repair of the Waterworks System; paying the cost of extending, improving, or making replacements to the Waterworks System; preventing default in, anticipating payments into, or increasing the amounts in the other accounts; paying any gross receipts tax now or hereafter levied by the City; paying the principal or the interest on any subordinate or junior lien bonds; paying any redemption premium due on the bonds; or any other lawful purpose for use by the Waterworks System.

Series 2013 Water Revenue Bond Funds

To the *Waterworks Bond Fund*, an amount at least equal to the calculated $\frac{1}{4}$ amount of interest that will come due on the next interest payment date, plus an amount at least equal to $\frac{1}{4}$ of the aggregate principal amount of bonds that will come due on the next bond maturity date. This account shall be used only for the payment of bond principal and interest, as the same shall become due.

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c. Parking Division

Cash and investments restricted in accordance with bond indentures at June 30, 2015 are as follows:

Series 2015A bonds:	
Debt service reserve	\$ 514
Debt service	51
Series 2015A project account	5,344
Total series 2015A bonds	<u>5,909</u>
Series 2013A bonds:	
Debt service reserve	126
Total series 2013A bonds	<u>126</u>
Series 2007 and 2006 bonds:	
Debt service reserve	4,943
Debt service	1,397
Repair and replacement	3,456
Net project revenues	120
Parking trust—Parking Division accounts	1,888
Total series 2007 and 2006 bonds	<u>11,804</u>
Series 2003A and 2003B bonds:	
Gross revenues	156
Bond	149
Repair and replacement	31
Operating reserve	100
Redemption	61
Total series 2003A and 2003B bonds	<u>497</u>
Total restricted cash and investments	<u>\$ 18,336</u>

Descriptions of the funds required by the Series 2015A Subordinated Bond Indentures are as follows:

- 1) *Debt service reserve* – Maintains funds from the proceeds of the respective bond series to be available to pay principal of and interest on the respective bonds if other funds are not available.
- 2) *Debt service* – Maintains funds from the proceeds of the respective bond series to be available to pay principal of and interest on the respective bonds if other funds are not available.
- 3) *Series 2015A project account* – Maintains funds used to fund the debt service account.

Descriptions of the funds required by the Series 2013A Subordinated Bond Indentures are as follows:

- 1) *Debt service account* – Maintains funds from the proceeds of the respective bond series to be available to pay principal of and interest on the respective bonds if other funds are not available.
- 2) *Series 2013A project account* – Maintains funds used to fund the debt service account.

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Descriptions of the funds required by the Series 2007 and 2006 Bond Indentures are as follows:

- 1) *Debt service reserve* – Maintains funds from the proceeds of the respective bond series to be available to pay principal of and interest on the respective bonds if other funds are not available.
- 2) *Debt service* – Moneys deposited into this account pay principal and accrued and unpaid interest on the respective bonds.
- 3) *Net project revenues* – Maintains funds used to fund the debt service account.
- 4) *Argyle TIF revenues* – Argyle TIF revenues are used for the payment of debt service on the Series 2006 Bonds.
- 5) *Parking trust* – Parking Division accounts—Maintains funds transferred from the respective bond account to be available to pay principal and interest on the respective refunded bonds if other funds are not available.
- 6) *Repair and replacement* – Provides for the repair and upkeep of parking garages.

Descriptions of the funds required by the Series 2003A and 2003B Bond Indenture are as follows:

- 1) *Gross revenues* – Maintains revenues resulting from the operations of the Cupples Garage and uses these to pay the operating and debt service costs associated with the Cupples Garage.
- 2) *Bond* – Moneys deposited into this account pay principal and accrued and unpaid interest on the Series 2003A and 2003B bonds.
- 3) *Repair and replacement* – Provides for the repair and upkeep of the Cupples Garage.
- 4) *Operating reserve* – Maintains operating reserve as required by the Bond Indenture.
- 5) *Redemption* – Maintains funds set aside for the future redemption of the Series 2003A and 2003B bonds.

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7. CAPITAL ASSETS

a. Primary Government

The following is a summary of changes in capital assets—governmental activities for the year ended June 30, 2015:

	June 30, 2014	Additions	Retirements	Transfers	Balance June 30, 2015
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 80,245	218	(81)	—	80,382
Construction in progress	28,854	8,390	—	(27,592)	9,652
Equipment in progress	816	—	—	—	816
Works of art	3,467	91	—	—	3,558
Intangibles	1,044	249	—	(140)	1,153
Total capital assets not being depreciated	114,426	8,948	(81)	(27,732)	95,561
Capital assets being depreciated:					
Buildings	634,492	6,191	(1,408)	12,073	651,348
Improvements other than buildings	89,497	2,760	—	1,794	94,051
Equipment	164,050	8,919	(2,972)	1,682	171,679
Infrastructure	643,015	6,968	—	12,043	662,026
Intangibles	1,744	47	—	140	1,931
Total capital assets being depreciated	1,532,798	24,885	(4,380)	27,732	1,581,035
Less accumulated depreciation for:					
Buildings	231,646	16,097	(1,043)	—	246,700
Improvements other than buildings	32,797	2,036	—	—	34,833
Equipment	104,531	9,576	(2,885)	—	111,222
Infrastructure	413,831	29,696	—	—	443,527
Intangibles	582	326	—	—	908
Total accumulated depreciation	783,387	57,731	(3,928)	—	837,190
Total capital assets being depreciated, net	749,411	(32,846)	(452)	27,732	743,845
Governmental activities capital assets, net	\$ 863,837	(23,898)	(533)	—	839,406

Construction in progress consists primarily of convention center renovations and street and bridge projects. Equipment in progress consists of communication equipment being prepared for its intended use.

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The following is a summary of changes in capital assets – business-type activities for the year ended June 30, 2015. Business-type activities for the City include the Airport, Water Division, and Parking Division.

	Balance June 30, 2014	Additions	Retirements	Transfers	Balance June 30, 2015
Business-type activities:					
Combined:					
Capital assets not being depreciated:					
Land	\$ 775,747	—	(60)	—	775,687
Construction-in-progress	64,049	35,437	(712)	(82,966)	15,808
Infrastructure	6	—	(6)	—	—
Intangibles	3,506	—	—	—	3,506
Total capital assets not being depreciated	843,308	35,437	(778)	(82,966)	795,001
Capital assets being depreciated:					
Buildings and structures	691,101	25	—	69,850	760,976
Equipment	100,332	3,710	(1,091)	243	103,194
Pavings	1,007,445	—	—	10,226	1,017,671
Parking meters and lot equipment	7,519	1,446	(740)	—	8,225
Reservoirs	34,513	—	—	659	35,172
Boiler plant equipment	661	—	—	—	661
Pumping equipment	10,923	—	—	—	10,923
Purification basins and equipment	43,679	9	—	65	43,753
Water mains, lines, and accessories	130,147	3,435	(923)	1,803	134,462
Motor vehicle equipment	9,046	717	(639)	100	9,224
Total capital assets being depreciated	2,035,366	9,342	(3,393)	82,946	2,124,261
Less accumulated depreciation for:					
Buildings and structures	404,092	18,634	—	—	422,726
Equipment	72,562	4,435	(1,072)	—	75,925
Pavings	435,135	30,698	—	—	465,833
Parking meters and lot equipment	6,765	266	(693)	—	6,338
Reservoirs	11,964	665	—	—	12,629
Boiler plant equipment	644	3	—	—	647
Pumping equipment	9,183	233	—	—	9,416
Purification basins and equipment	17,468	929	—	—	18,397
Water mains, lines, and accessories	59,429	1,675	(786)	—	60,318
Motor vehicle equipment	5,978	435	(607)	—	5,806
Total accumulated depreciation	1,023,220	57,973	(3,158)	—	1,078,035
Total capital assets being depreciated, net	1,012,146	(48,631)	(235)	82,946	1,046,226
Business-type activities capital assets, net	\$ 1,855,454	(13,194)	(1,013)	(20)	1,841,227

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Construction-in-progress consists primarily of various improvements at the Airport to the airfield and terminal buildings, as well as property purchased on which the Airport's expansion facilities will be constructed, and various improvements to the waterworks system.

Within the statement of activities, depreciation expense is charged to functions of the primary government as follows:

Governmental activities:

General government	\$ 6,145
Convention and tourism	5,649
Parks and recreation	5,264
Judicial	313
Streets	32,788
Public safety:	
Fire	2,159
Police	3,936
Other	642
Health and welfare	315
Public service	520
Total depreciation expense, governmental activities	<u>\$ 57,731</u>

Business-type activities:

Airport	\$ 50,166
Water Division	5,383
Parking Division	2,424
Total depreciation expense, business-type activities	<u>\$ 57,973</u>

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b. Component Unit—SLDC

The following is a summary of changes in SLDC capital assets for the period ended June 30, 2015:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015
Capital assets not being depreciated:				
Land	\$ 4,914	—	—	4,914
Construction in Progress	—	369	—	369
Total capital assets not being depreciated	4,914	369	—	5,283
Capital assets being depreciated:				
Leasehold improvements	22,755	—	—	22,755
Equipment	713	—	—	713
Parking facilities	19,716	552	—	20,268
Total capital assets being depreciated	43,184	552	—	43,736
Less accumulated depreciation for:				
Leasehold improvements	3,200	700	—	3,900
Equipment	696	16	—	712
Parking facilities	13,736	375	—	14,111
Total accumulated depreciation	17,632	1,091	—	18,723
Total capital assets being depreciated, net	25,552	(539)	—	25,013
SLDC capital assets, net	\$ 30,466	(170)	—	30,296

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c. Component Unit—SWMDC

The following represents a summary in SWMDC's capital assets for the year ended June 30, 2015:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2014
Capital assets being depreciated:				
Infrastructure	\$ 12,083	699	—	12,782
Total capital assets being depreciated	12,083	699	—	12,782
Less accumulated depreciation for:				
Infrastructure	5,242	411	—	5,653
Total accumulated depreciation	5,242	411	—	5,653
SWMDC capital assets, net	\$ 6,841	288	—	7,129

8. COMPONENT UNIT—SLDC PROPERTY HELD FOR DEVELOPMENT

SLDC property held for development consists primarily of land and property held for sale or other development purposes. This land and property is reported in SLDC's financial statements based on management's intent of ultimate disposition of the property. Proceeds received upon the sale of most of these properties will revert back to the funding source. A reserve for impairment in the amount of \$8,787 has been established on these properties.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Vendors	Contracts and retainage payable	Total
Governmental activities:			
General fund	\$ 5,452	—	5,452
Capital projects fund	2,850	481	3,331
Grants fund	6,562	—	6,562
Other governmental funds	1,674	1	1,675
Internal service	356	—	356
Total governmental activities	\$ 16,894	482	17,376
Business-type activities:			
Airport	\$ 12,257	7,392	19,649
Water Division	4,904	—	4,904
Parking Division	1,468	—	1,468
Total business-type activities	\$ 18,629	7,392	26,021

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10. RETIREMENT PLANS

The City contributes to the following defined benefit retirement plans: The Firemen's System, the Firefighter's Plan and the Police System, which are single –employer plans. The Employees' System is a cost-sharing multiple-employer plan.

Effective February 1, 2013, the City passed Ordinances #69149 and #69245 (amended by #69353) and Judge Dierker's ruling (Board Bill 109) replaced the Firemen's System with a new retirement system, the Firefighter's Plan. All other employees are covered by the 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.

Each system is administered by a separate board of trustees, who are partially appointed by City officials, plan participants, and the governor of the State (Police System only). For financial reporting purposes, these retirement systems are included as fiduciary pension trust funds of the City. Financial information taken directly from the financial statements, that were audited by other auditors and whose reports have been furnished to us, for these funds has been included within the accompanying basic financial statements as of each System's fiscal year-end, which falls within the City's current fiscal year-end as follows:

<u>System</u>	<u>System fiscal year-end</u>
Firemen's	September 30, 2014
Firefighters'	September 30, 2014
Police	September 30, 2014
Employees'	September 30, 2014

a. Firemen's Retirement System of St. Louis (Firemen's System or FRS)

1) System Description (FRS)

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 following disclosures are based on the September 30, 2014 financial statements and the October 1, 2014 actuarial valuation. The valuation as of October 1, 2014, reflects the changes attributable to Ordinance #69245 and #69353, and Judge Dierker's subsequent ruling (Board Bill 109). Key changes to the Firemen's System is as follows:

- Firemen's System is frozen as of February 1, 2013. That is, benefits paid from Firemen's System will be based on the member's service and salary earned as of February 1, 2013. Participants with benefit service in Firemen's System are classified as "grandfathered" members.
- Firefighters hired after February 1, 2013, are not members of Firemen's System.
- Vesting and eligibility service earned after February 1, 2013, in the newly established Firefighter's Plan will count towards vesting and eligibility service in Firemen's System.

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- Ancillary benefits, for disability or death occurring after February 1, 2013, are assumed to be paid from the newly established Firefighter's Plan to the extent that benefits do not depend on service earned prior to February 1, 2013.
- Employer contributions to the frozen Firemen's System will continue to be calculated under the Frozen Initial Liability cost method.
- Member contributions after February 1, 2013, from "grandfathered" participants in Firemen's System will be paid to the Firefighter's Plan.
- Grandfathered members with 20 or more years of service as of February 1, 2013, are eligible to retire with unreduced Firefighter's Plan benefits if retirement commences before age 55.
- Grandfathered members with less than 20 years of service as of February 1, 2013, are eligible to retire with actuarially reduced Firefighter's Plan benefits if retirement commences before age 55.

As a result of Board Bill 109, the following assumptions were made:

- Since benefits paid under Firemen's System will no longer depend on future salary increases, future salary increase assumptions have been eliminated in the projection of pay and valuation of benefits. Costs will continue to be spread over the present value of future salary which includes future salary increases.
- It is assumed that grandfathered members with less than 20 years of service as of February 1, 2013 will not retire prior to age 55. The retirement rates were adjusted to reflect accelerated retirement when these members first become eligible at age 55.
- It was assumed the Firemen's System frozen benefit relating to service and pay as of February 1, 2013, will be used to offset post-retirement survivor benefits paid under Firefighter's Plan.
- The overall rates of disability were not changed, but the proportion of ordinary accidental disabilities was changed from 20 percent ordinary and 80 percent accidental to 60 percent ordinary and 40 percent accidental.

Plan liabilities for Firemen's System after Board Bill 109 are predominantly for retired members and their beneficiaries. That is, the proportion of retired liabilities to total plan liabilities is projected to be over 80 percent within 10 years.

An agreement between the City and Firemen's System was reached regarding the recognition of City contributions under Board Bill 109. The City made contributions to Firemen's System from February 1, 2013, to September 30, 2013. The contributions for this period recognize the impact of Board Bill 109, certain excess Firefighter's Plan City contributions were transferred from Firemen's System to Firefighter's Plan in the amount of \$6,883 equal to the Firefighter's Plan City required contribution for the period February 1, 2013, to September 30, 2013 and a portion of the excess Firemen's System City contribution was credited towards the Firemen's System Entry Age Normal Agreement (Fireman's Retirement EAN Note) with the City in the amount of \$3,396.

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

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(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.

The Fireman's System membership consisted of the following as of September 30, 2014:

Retirees and beneficiaries currently receiving benefits	985
Current members:	
Vested – DROP	64
Vested – Non-DROP	161
Nonvested	349
Total current members	574
Total membership	1,559

2) Funding Policy (FRS)

Firefighters contributed 8% of their salary to the Firemen's System, as mandated per State statute and adopted by City ordinance through February 1, 2013 (date frozen). The City is required to contribute the remaining amounts necessary to fund the Firemen's System.

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3) Net Pension Liability (FRS)

The City's net pension liability as of June 30, 2015 was measured as of September 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2014.

	Total pension liability (TPL) (a)	Fiduciary net Position (FNP) (b)	Net pension liability (asset) (NPL) (a)-(b)
Balances at July 1, 2014	\$ 452,299	492,222	(39,923)
Changes for the year:			
Service cost	—	—	—
Interest	34,450	—	34,450
Refunds of member contributions	(1,205)	(1,205)	—
Benefit payments	(34,002)	(34,002)	—
Contributions – employer	—	1,008	(1,008)
Net investment income	—	48,270	(48,270)
Transfer out due to settlement agreement	—	(10,279)	10,279
Administrative expenses	—	(1,424)	1,424
Net changes	<u>(757)</u>	<u>2,368</u>	<u>(3,125)</u>
Balances at June 30, 2015	\$ <u>451,542</u>	<u>494,590</u>	<u>(43,048)</u>

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Significant actuarial assumptions used in the valuation of the Firemen's System are as follows:

Date of actuarial valuation	October 1, 2014
Actuarial cost method	30-year closed period from establishment
GASB 67 reporting	Entry Age Normal
Funding	Entry Age - frozen initial liability
Remaining amortization period	None - No unfunded actuarial liability
Asset valuation method	3-year smoothed average of market value
Inflation	3.00%
Investment rate of return	7.625%, net of investment and administrative expenses 7.925%, gross of administrative expenses
Projected salary increases	Benefits frozen as of February 1, 2013; therefore no salary increases have been assumed
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2010 valuation pursuant to an experience study of the October 1, 2005, through September 30, 2010. The rates were adjusted slightly for members with less than 20 years of service as of February 1, 2013, due to the freezing of FRS benefits and the implementation of FRP.
Mortality	RP2000 mortality table, sex distinct, with rates projected to 2015

The long-term expected rate of return on the Firemen's System investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation as of October 1, 2014, these best estimates are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Fixed income	25%	(1.30)%
Domestic equity	26	4.30
International equity	24	4.70
Private equity	—	9.40
Real estate	15	4.80
Nondirectional hedge fund of funds	10	2.20
Total	100%	

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The discount rate used to measure the total pension liability (asset) was 7.93%. The projection of cash flows used to determine the discount rate assumed that the City contribution rate and that contributions will be made at rates equal to the difference between would make the required contributions as defined by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset). For the October 1, 2014 actuarial valuation, a 7.93% discount rate was used. The sensitivity of the net pension liability to changes in the discount rate for the year ended June 30, 2015 for the City is as follows:

	<u>Discount rate</u>	<u>Net pension liability (asset)</u>
1% decrease	6.93%	\$ 665
Current rate	7.93	(43,048)
1% increase	8.93	(79,934)

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued Firemen's System financial report.

4) Pension Expense (FRS)

For the fiscal year ended June 30, 2015, the City recognized pension expense of \$6,747. Annual pension expense consists of service cost, interest and administrative expenses on the pension liability less employee contributions and projected earnings on pension plan investments. The difference between actual and expected earnings is recorded as a deferred outflow/inflow of resources recognized in pension expense over a five year period. The pension expense for the City's fiscal year ended June 30, 2015 is summarized as follows:

Service cost	\$ —
Interest	34,450
Administrative expenses	1,424
Projected earnings on pension plan investments	(37,190)
Other changes – transfer due to settlement agreement	10,279
Recognized portion of current-period difference between projected and actual earnings on pension plan investments	<u>(2,216)</u>
Pension expense for year ended June 30, 2015	<u>\$ 6,747</u>

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5) Deferred Outflows/Inflows of Resources Related to Pension (FRS)

In accordance with GASB Statements No. 67 and 68, the City recognizes differences between actual and expected experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, the difference between actual and expected investment returns, changes in proportion, and contributions subsequent to the measurement date as deferred outflows/inflows of resources. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as follows:

	Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual earnings on pension plan investments	\$ —	8,864
Total	\$ —	8,864

The City recognizes differences between actual and expected investment performance included in deferred outflows/inflows of resources on a straight-line basis over five years. Differences between expected and actual experience on actuarial assumptions are amortized over the average expected remaining service life of Firemen's System employees. The following table summarizes the future recognition of these items:

Year ended June 30	Recognition
2016	\$ 2,216
2017	2,216
2018	2,216
2019	2,216
	\$ 8,864

b. Firefighters' Retirement Plan (Firefighter's Plan or FRP)

1) System Description (FRP)

The Firefighter's Plan administers a single employer defined benefit pension plan providing pension benefits to the City of St. Louis firemen.

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

Effective February 1, 2013, benefit accruals under the Firemen's System were frozen. The Firefighter's Plan was established as of that date to provide retirement, disability and death benefits for service rendered after the effective date. Credited service accrued under the Firemen's System counts toward benefit accruals under the Firefighter's Plan, but benefits attributable to such services

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are offset by the benefits payable by the Firemen's System. Under the Firefighter's Plan, the plan provisions for members who were active as of February 1, 2013 (Grandfathered Participants) are substantially the same as the plan provisions for the Firemen's System.

The Firefighter's Plan provides retirement benefits as well as death and disability benefits. Grandfathered members are those who were employed prior to February 1, 2013. Members can voluntarily retire after a minimum of 20 years of service and upon reaching the normal retirement age of 55. A member who has 20 years of service but has not yet reached the age of 55 may elect an early retirement with the normal retirement benefit deferred until reaching the age of 55. In lieu of a deferred retirement benefit, the member may elect to receive his/her retirement benefit beginning on his/her early retirement date or on the first day of any month thereafter prior to reaching age 55 with such benefit actuarially reduced from age 55. A member hired on or after the effective date of February 1, 2013 who terminates employment after completing 10 years of service, but before completing 20 years of service, is eligible for a full unreduced pension beginning at age 62. Such a member may elect to receive a refund of his/her contributions, plus interest, in lieu of a pension benefit.

The monthly allowance is determined by the average final monthly compensation over the last 5 years of service. For grandfathered members, the average is over the last 2 years of service. The monthly allowance consists of 40% of the applicable final 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 final average compensation for each additional year of service after 25 years with a maximum pension of 75%. Unused accrued sick pay accumulated before September 20, 2010 may increase the maximum pension beyond this limitation.

A grandfathered member with 20 or more years of credited service may elect to enter the DROP program and defer retirement for up to five years while continuing active employment. The benefit payments the participant would have received during that period are deposited into the DROP account and earn interest at a rate equal to the percentage rate of return of the Trust Fund's investment portfolio for that year. After five years or termination from the DROP plan, the participant may retire or return to regular active service. Upon termination of employment, the participant can choose to receive the DROP account with interest earned. If the participant dies prior to termination of employment, the DROP account is paid as a lump sum to the participant's beneficiary or estate. Active service while in the DROP program is not included in the credited service used to calculate the participant's final benefit amount.

Those members who elect to participate will continue active employment, will have a service retirement allowance credited monthly in the DROP account of the member, and the member's contributions will be reduced to 1% from the normal contribution percentage. During participation in the DROP, the member will not receive credit for City 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: 1) interest and 2) accrued sick leave if elected is available to the member in a lump sum or in installments.

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The Firefighter's Plan membership consisted of the following as of September 30, 2014:

Retirees and beneficiaries currently receiving benefits	22
Current active members:	
Vested – Non-DROP	378
Vested – participating DROP	62
Nonvested	186
Total current active members	626
Total membership	648

2) Funding Policy (FRP)

A grandfathered member with at least 20 years of service as of February 1, 2013, contribute 8% of their salary, after-tax. All other members contribute 9% of their salary, pre-tax. The City is required to contribute the remaining amounts necessary to fund Firefighter's Plan. All members who terminate employment before becoming eligible to receive a retirement benefit will receive a refund of all contributions plus interest. Members hired after February 1, 2013 who terminate employment before reaching age 55 and elect a refund of contributions in lieu of a pension benefit will also receive a refund of their contributions plus interest, as will grandfathered members who terminate employment before completing 20 years of service. Contributions to the Firefighter's Plan made on or after the inception of the Firefighter's Plan are not refundable to a member who receives a service retirement benefit, ordinary disability benefit, or a service connected disability benefit; except that contributions to the Firefighter's Plan by a grandfathered member with at least 20 years of service as of inception who receives a service retirement benefit are refundable without interest.

An agreement between the City and the Firemen's System was reached regarding the recognition of City contributions under Board Bill 109. The City made contributions to the Firemen's System from February 1, 2013, to September 30, 2013. The contributions for this period recognize the impact of Board Bill 109, certain excess Firemen's System City contributions were transferred from the Firemen's System to the Firefighter's Plan in the amount of \$6,883 equal to the Firefighter's Plan City required contribution for the period February 1, 2013, to September 30, 2013 and a portion of the excess Firemen's System City contribution was credited towards the Firemen's System Entry Age Normal Agreement (Fireman's Retirement EAN Note) with the City in the amount of \$3,396.

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3) Net Pension Liability (FRP)

The City's net pension liability for Firefighter's Plan as of June 30, 2015 was measured as of September 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2014.

	Total pension liability (TPL)	Fiduciary net Position (FNP)	Net pension liability (NPL)
	(a)	(b)	(a)-(b)
Balances at July 1, 2014	\$ 47,262	1,653	45,609
Changes for the year:			
Service cost	6,411	—	6,411
Interest	4,088	—	4,088
Difference between expected and actual experience	(5,360)	—	(5,360)
Benefit payments	(48)	(48)	—
Refunds of member contributions	(85)	(85)	—
Contributions – employer	—	15,825	(15,825)
Contributions – employee	—	2,813	(2,813)
Net investment income	—	(92)	92
Administrative expenses	—	(207)	207
Net changes	5,006	18,206	(13,200)
Balances at June 30, 2015	\$ 52,268	19,859	32,409

The following were some of the significant actuarial assumptions used in the valuation of the Firefighter's Plan:

Date of actuarial valuation	October 1, 2013
Actuarial cost method	30-year closed period from establishment
GASB 67 reporting	Entry Age Normal Cost Method
Funding	Entry Age Normal
Remaining amortization period	Started February 1, 2013
Asset valuation method	Market value
Inflation	3.00%
Investment rate of return	7.625%, net of investment and administrative expenses
Projected salary increases	Varies based on employee's years of service
Mortality	RP-2000 mortality table, sex distinct, with rates projected to 2015

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The long-term expected rate of return on the Firefighter's Plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation as of September 30, 2014, these best estimates are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Fixed income	40%	(1.30)%
International equity	60	4.70
Total	100%	

The discount rate used to measure the total pension liability was 7.63%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. For the October 1, 2014 actuarial valuation, a 7.63% discount rate was used. The sensitivity of the net pension liability to changes in the discount rate for the year ended June 30, 2015 for the City is as follows:

	Discount rate	Net pension liability
1% decrease	6.63%	\$ 39,013
Current rate	7.63	32,409
1% increase	8.63	26,598

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued Firefighter's Plan financial report.

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4) Pension Expense (FRP)

For the fiscal year ended June 30, 2015, the City recognized pension expense of \$7,066. Annual pension expense consists of service cost, interest and administrative expenses on the pension liability less employee contributions and projected earnings on pension plan investments. The difference between actual and expected earnings is recorded as a deferred outflow/inflow of resources recognized in pension expense over a five year period. The pension expense for the City's fiscal year ended June 30, 2015 is summarized as follows:

Service cost	\$	6,411
Interest		4,088
Administrative expenses		207
Contributions – employee		(2,813)
Projected earnings on pension plan investments		(219)
Recognized portion of current-period difference between expected and actual experience		(670)
Recognized portion of current-period difference between projected and actual earnings on pension plan investments		62
Pension expense for year ended June 30, 2015	\$	<u>7,066</u>

5) Deferred Outflows/Inflows of Resources Related to Pension (FRP)

In accordance with GASB Statements No. 67 and 68, the City recognizes differences between actual and expected experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, the difference between actual and expected investment returns, changes in proportion, and contributions subsequent to the measurement date as deferred outflows/inflows of resources. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as follows:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 249	—
Differences between expected and actual experience	—	4,690
Total	<u>\$ 249</u>	<u>4,690</u>

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The City recognizes differences between actual and expected investment performance included in deferred outflows/inflows of resources on a straight-line basis over five years. Differences between expected and actual experience on actuarial assumptions are amortized over the average expected remaining service life of the Firefighters' Plan employees. The following table summarizes the future recognition of these items:

<u>Year ended June 30</u>	<u>Recognition</u>
2016	\$ (608)
2017	(608)
2018	(608)
2019	(608)
2020	(670)
Thereafter	(1,339)
	<u>\$ (4,441)</u>

c. Police Retirement System of St. Louis (Police System or PRS)

1) System Description (PRS)

All persons who become police officers and all police officers that enter or reenter SLPD after October 1, 1957 become members of the Police System and are thereby eligible to participate from their date of hire. The Police System issues a publicly available financial report that includes financial statements and supplementary information. That information may be obtained by writing to the Police Retirement System of St. Louis; 2020 Market Street, St. Louis, Missouri 63103.

The Police System provides retirement benefits as well as death and disability benefits. Members can voluntarily retire after a minimum of 20 years of service or attaining age 55. The monthly allowance consists of 40% of the two-year average final compensation for the first 20 years of services, plus 2% of such final average compensation for each of the next five years of service, plus 4% of average final compensation for each additional year of service after 25 years up to a maximum of 30 years. The monthly allowance of members who have in excess of 30 years of service is increased by 5%. The maximum pension is 75% of average final compensation. Such benefits are established by the State statute.

The Police System implemented a DROP feature during the Police System's fiscal year ended September 30, 1996. The DROP option is available to members of the Police System who have at least 20 years of creditable service and have achieved eligibility for retirement. Those members who elect to participate will continue active employment, will have a service retirement allowance credited monthly in the DROP account, and will no longer make contributions to the Police System. During participation in the DROP, the member will not receive credit for service and the member shall not share in any benefit improvement that is enacted or becomes effective while such member is participating in the DROP. A member may participate in the DROP only once for any period up to five years, at which point the member may reenter the Police System. At retirement, the funds in the member's DROP account plus interest are available to the member in a lump sum or in installments.

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The Police System membership consisted of the following as of September 30, 2014:

Retirees and beneficiaries currently receiving benefits	1,883
Current active members:	
Vested – in DROP	185
Vested – not in DROP	164
Total vested	349
Nonvested	932
Total current active members	1,281
Total members	3,164

2) Funding Policy (PRS)

Police officers are required to contribute 7% of their compensation to the Police System per State statute. The City is required to contribute the remaining amounts necessary to fund the Police System, determined in accordance with City ordinances. Upon leaving employment due to service retirement, death, or disability due to an accident in the actual performance of duty, the member's contributions are refunded. Members whose employment terminates prior to retirement are entitled to a lump-sum distribution of their contribution plus interest thereon.

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3) Net Pension Liability (PRS)

The City's net pension liability for Police System as of June 30, 2015 was measured as of September 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2014.

	Total pension liability (TPL)	Fiduciary net Position (FNP)	Net pension liability (NPL)
	(a)	(b)	(a)-(b)
Balances at July 1, 2014	\$ 895,331	706,277	189,054
Changes for the year:			
Service cost	12,992	—	12,992
Interest	65,906	—	65,906
Difference between expected and actual experience	—	—	—
Change in assumption	6,650	—	6,650
Benefit payments	(60,973)	—	(60,973)
Contributions – employer	—	32,325	(32,325)
Contributions – employee	—	4,438	(4,438)
Net investment income	—	48,095	(48,095)
Benefit payments	—	(60,973)	60,973
Administrative expenses	—	(1,096)	1,096
Net changes	24,575	22,789	1,786
Balances at June 30, 2015	\$ 919,906	729,066	190,840

Significant actuarial assumptions used in the valuation of the Police System are as follows:

Date of actuarial valuation	October 1, 2013
Actuarial cost method	Entry Age Normal
GASB 67 reporting	Aggregate, reduced by employee contributions
Funding	None - aggregate is funded over the future working lifetime of current participants
Amortization method/period	5-year smoothed average of market value
Asset valuation method	2.5%
Inflation	7.75%, net of 0.15% administrative expenses
Investment rate of return	3.0% – 6.5%, varying by age
Projected salary increases	2.5% maximum per year, cumulative 30% cap
Projected postretirement benefit increases	RP-2000 Blue Collar Combined projected to 2018
Mortality (Ordinary)	0.03% per year for all ages in addition to ordinary mortality
Mortality (Accidental)	RP-2000 Disabled Retiree Mortality projected to 2018
Mortality (Disabled)	

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The long-term expected rate of return on the Police System investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation as of October 1, 2014, these best estimates are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Fixed income	28%	(0.75)%
Domestic equity	26	4.85
Foreign equity	33	5.25
Non-directional hedge fund of funds	4	2.75
Real estate (REIT)	4	5.35
Private equity (partnerships)	4	9.95
Money market	1	—
Total	<u>100%</u>	

The discount rate used to calculate the present value of future benefit payments for reporting purposes is based upon the projected plan net position (PNP) using actuarial assumptions about contributions, benefit payments, and the long-term rate of return. If the projected PNP is not sufficient to cover projected benefit payments, a blended discount rate is required using both the weighted average of the long-term rate of return and the high grade bond muni-bond rate for periods after the PNP is exhausted. The plan currently uses the long-term discount rate of 7.75% and expects assets will be sufficient to cover PNP until 2057. The muni-bond rate used in the valuation was 4.11% and is based on the Bond Buyers General Obligation 20 Year High Grade Rate Municipal Bond Index (AA/Aa or higher). Since the PNP was projected to be insufficient to make all projected benefit payments of current plan members, a blended discount rate of 7.48% was used to calculate the plan's present value of future benefit payments. The sensitivity of the net pension liability to changes in the discount rate for the year ended June 30, 2015 for the City is as follows:

	Discount rate	Net pension liability
1% decrease	6.48%	\$ 282,418
Current rate	7.48	190,841
1% increase	8.48	113,881

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued Police System financial report.

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4) Pension Expense (PRS)

For the fiscal year ended June 30, 2015, the City recognized pension expense of \$24,302. Annual pension expense consists of service cost, interest and administrative expenses on the pension liability less employee contributions and projected earnings on pension plan investments. The difference between actual and expected earnings is recorded as a deferred outflow/inflow of resources recognized in pension expense over a five year period. The pension expense for the fiscal year ended June 30, 2015 is summarized as follows:

Service cost	\$	12,992
Interest		65,906
Administrative expenses		1,096
Contributions – employee		(4,438)
Projected earnings on pension plan investments		(54,815)
Recognized assumption changes		2,217
Recognized portion of current-period difference between projected and actual earnings on pension plan investments		1,344
Pension expense for year ended June 30, 2015	\$	<u>24,302</u>

5) Deferred Outflows/Inflows of Resources Related to Pension (PRS)

In accordance with GASB Statements No. 67 and 68, the City recognizes differences between actual and expected experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, the difference between actual and expected investment returns, changes in proportion, and contributions subsequent to the measurement date as deferred outflows/inflows of resources. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as follows:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 5,376	—
Change in assumptions	4,434	—
Total	\$ <u>9,810</u>	<u>—</u>

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The City recognizes differences between actual and expected investment performance included in deferred outflows/inflows of resources on a straight-line basis over five years. Differences between expected and actual experience on actuarial assumptions are amortized over the average expected remaining service life of the Police System's employees. The following table summarizes the future recognition of these items:

<u>Year ended June 30</u>	<u>Recognition</u>
2016	\$ 3,561
2017	3,561
2018	1,344
2019	1,344
	<u>\$ 9,810</u>

d. Employees Retirement System of the City of St. Louis (Employees System or ERS)

1) System Description (ERS)

All non-uniformed employees of the City and certain other public entities funded by or providing services to residents of the City become members of the Employees Retirement 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 with 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 of 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 at least 20 years of creditable service; or at any age with 30 years of creditable service. The monthly pension benefits of all retirees or their beneficiaries are adjusted accordingly 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.

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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.

2) Funding Policy (ERS)

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 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 of the Employees' System based on an actuarial study. Deductions from plan assets are financed from plan additions. The Board of Trustees established the required employer contributions rate based on active member payroll of 15.17% effective July 1, 2014, and 15.56% of active member payroll effective July 1, 2013.

Employees who became members of the Employees System prior to October 14, 1977, and continued to make contributions, may make voluntary contributions to the Employees System equal to 3% of their 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.

The City's contributions to Employees System for the year ended June 30, 2015 were \$30,331.

3) Net Pension Liability (ERS)

The City reported liability of \$129,712 for its proportionate share of the net pension liability as of June 30, 2015. The net pension liability was measured as of September 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2014. The City's proportion of the net pension liability was based on the City's share of contributions to the Employee's System relative to the contributions of all Employees' System participating employers. At September 30, 2014, the City's collective proportion was 83.90 percent, which was an increase of 0.73 from its proportion measured as of September 30, 2013,

Significant actuarial assumptions used in the valuation of the Employees' System are as follows:

Date of actuarial valuation	October 1, 2013
Actuarial cost method	Entry Age
Amortization method	Rolling 30-year level dollar amortization of unfunded liability
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	3.125%
Discount rate	8.00%
Projected salary increases	varies by age, ranging from 3.50% to 7.017%
Mortality	1994 Group Annuity Mortality Table

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The long-term expected rate of return on the Employees System investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The discount rate used to measure the total pension liability was 8.09%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. For the October 1, 2014 actuarial valuation, an 8.09% discount rate was used. The sensitivity of the net pension liability to changes in the discount rate for the year ended June 30, 2015 for the City is as follows:

	Discount rate	Net pension liability
1% decrease	7.09%	\$ 208,197
Current rate	8.09	129,712
1% increase	9.09	62,547

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued Employees System financial report.

4) Pension Expense (ERS)

For the fiscal year ended June 30, 2015, the City recognized pension expense of \$14,398. Annual pension expense consists of service cost, interest and administrative expenses on the pension liability less employee contributions and projected earnings on pension plan investments. The difference between actual and expected earnings is recorded as a deferred outflow/inflow of resources recognized in pension expense over a five year period.

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5) Deferred Outflows/Inflows of Resources Related to Pension (ERS)

In accordance with GASB Statements No. 67 and 68, the City recognizes differences between actual and expected experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, the difference between actual and expected investment returns, changes in proportion, and contributions subsequent to the measurement date as deferred outflows/inflows of resources. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as follows:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ —	2,306
Net difference between projected and actual earnings on pension plan investments	—	7,904
Changes in proportion	70	1,068
Contributions subsequent to the measurement date	21,912	—
Total	\$ 21,982	11,278

The \$21,912 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

The City recognizes differences between actual and expected investment performance included in deferred outflows/inflows of resources on a straight-line basis over five years. Differences between expected and actual experience on actuarial assumptions are amortized over the average expected remaining service life of the Employee System's employees. The following table summarizes the future recognition of these items:

Year ended June 30	Recognition
2016	\$ 3,077
2017	3,077
2018	3,077
2019	1,977
	\$ 11,208

e. Component Unit—SLDC

The SLDC Employees Retirement Plan and Trust (SLDC plan) became effective January 1, 1989. Required year-ended June 30, 2015 contributions of \$266, which amount to 9% of current covered payroll, were made by SLDC. For the year ended June 30, 2015, SLDC's current covered payroll was \$2,957 and total payroll amounted to \$3,617. Employees are not required to contribute to the SLDC Plan; however, they can contribute up to 5-½% of their monthly compensation if they so elect. In order

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to be eligible under the SLDC Plan, the participant must be a full-time employee, have attained the age of 18, and completed at least six months of active service. The employees vest at a rate of 33% per annum with full vesting occurring after the end of their third year of service. The SLDC Plan does not hold any employer or related-party securities. All plan investments are self-directed by the respective plan participants, within the limitations of the plan.

11. OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description

The City is obligated under Chapter 84.160 RSMo to provide medical and life insurance benefits for former civilian and commissioned Police employees who retire subsequent to 1969. The City provides these other postemployment benefits (OPEB) under a single-employer, defined benefit postemployment plan. The OPEB plan does not issue a separate financial report.

Commissioned Police employees may retire and receive benefits under the OPEB plan after 20 years of creditable service, regardless of age. Civilian Police employees may retire and receive benefits under the OPEB plan after attaining age 55 with 20 years of service, or after attaining age 60 with five years of service. The disability eligibility for officers for a service disability has no minimum age or service requirements and for an ordinary disability is 10 years of service. The disability eligibility for civilians is 5 years of service.

For eligible retired employees and disabled employees under age 65, the OPEB plan pays the full cost of a base healthcare plan. Retirees may elect to pay costs associated with a buy-up healthcare plan, which provides coverage in excess of the base healthcare plan. For eligible retired employees and disabled employees over 65, the OPEB plan pays the costs of a Medicare Supplement Plan. Retirees pay the full cost of spouse healthcare coverage. Additionally, the OPEB plan provides a postretirement death benefit of \$3.

The City has elected to have an actuarial valuation performed biennially, unless significant changes occur that affect the results of the most recent valuation. At July 1, 2013, the date of the latest actuarial valuation, plan membership consisted of the following:

Retirees and beneficiaries receiving benefits	1,512
Terminated plan members entitled to, but not yet receiving benefits	81
Active members	<u>1,798</u>
Total plan members	<u><u>3,391</u></u>

Funding Policy

Contributions made to the OPEB plan are established and may be amended by the Board of Aldermen. For the year ended June 30, 2015, the City contributed \$11,150, which was based upon pay-as-you-go financing requirements.

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Annual Other Postemployment Benefit Cost and Net Other Postemployment Benefit Obligation

The annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The annual required contribution represents a level of funding that, if paid on an on-going basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to plan, and changes in the net OPEB obligation:

Annual required contribution	\$ 43,260
Interest on net OPEB obligation	4,462
Adjustment to annual required contribution	<u>(7,589)</u>
Annual OPEB cost	40,133
Contribution made	<u>11,150</u>
Increase in net OPEB obligation	28,983
Net OPEB obligation, beginning of year	<u>148,744</u>
Net OPEB obligation, end of year	<u><u>\$ 177,727</u></u>

Historical trend information about the OPEB Plan is as follows:

<u>Fiscal year</u>		<u>Annual OPEB cost (AOC)</u>	<u>Percentage of AOC contributed</u>		<u>Net OPEB obligation</u>
2015	\$	40,133	27.8%	\$	177,727
2014		39,132	27.4		148,744
2013		39,297	25.2		120,338

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 0% funded. The July 1, 2013 actuarial valuation stated the actuarial accrual liability for benefits was \$490,773, and the actuarial value of assets was \$0. The covered payroll (annual payroll of active employees covered by the plan) was \$88,828, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 552.5%.

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made throughout the future.

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The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

The projection of future benefit payments for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and includes the types of benefits provided at the time of each valuation, as amended for significant changes to the plan that would impact the valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions include a 3% discount rate and an annual healthcare cost trend rate of 8.00% for Pre-Medicare and 7% for Post Medicare initially, reduced by decrements to an ultimate rate of 6.00% for Pre-Medicare and 5% for Post-Medicare after eight years. The unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over a 30-year amortization period.

12. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employees or other beneficiary) held in trust for the exclusive benefit of the employees. As such, the trust account and related liability are not included in the basic financial statements.

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13. LONG-TERM LIABILITIES

a. Changes in Long-Term Liabilities

Following is a summary of the changes in long-term liabilities for the year ended June 30, 2015:

	Primary government June 30, 2014	Additions	Reductions	Balance June 30, 2015	Due within one year
Governmental activities:					
General obligation bonds payable	\$ 28,130	—	(5,120)	23,010	3,660
Section 108 Loan Guarantee					
Assistance Programs	35,580	—	(4,210)	31,370	4,460
Development and Tax increment					
financing bonds and notes payable	300,321	49,917	(9,896)	340,342	15,563
Loan agreement with MTFC	2,037	—	(482)	1,555	502
Capital lease – rolling stock	24,743	—	(5,012)	19,731	4,543
Certificates of participation	6,110	5,195	(6,110)	5,195	705
Obligations with component unit	51,556	—	(130)	51,426	6,973
Firemen's Retirement EAN Note	3,396	—	(3,396)	—	—
Loan agreement with FPF	4,610	2,080	(1,505)	5,185	95
Leasehold revenue improvement and					
refunding bonds	470,889	31,695	(67,579)	435,005	20,009
Joint venture financing agreement	37,844	—	(4,410)	33,434	4,589
Unamortized discounts	(4,099)	(11)	587	(3,523)	—
Unamortized premiums	7,745	3,782	(1,086)	10,441	—
Net pension obligation	52,390	—	(52,390)	—	—
Net pension liability	—	358,813	(34,072)	324,741	—
Net OPEB obligation	148,744	40,133	(11,150)	177,727	11,986
Accrued vacation					
and sick leave	51,841	24,768	(26,306)	50,303	23,794
Claims and judgments payable	45,825	31,797	(27,343)	50,279	23,364
Governmental activities					
long-term liabilities	\$ 1,267,662	548,169	(259,610)	1,556,221	120,243

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. Also, for the governmental activities claims and judgments payable, accrued vacation and sick leave benefits, net pension obligations, and landfill closure costs are generally liquidated by the general fund.

City of St. Louis, Missouri
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	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Business-type activities:					
Airport:					
Revenue bonds payable	\$ 764,150	17,310	(55,450)	726,010	39,785
Net pension liability	—	21,528	(4,281)	17,247	—
Net pension obligation	1,707	—	(1,707)	—	—
Pension funding project	5,157	—	(103)	5,054	109
Other	420	—	(24)	396	—
Accrued vacation, compensatory, and sick time benefits	5,135	3,468	(3,030)	5,573	3,468
Unamortized discounts and premiums	34,761	2,584	(5,685)	31,660	—
Unearned lease revenues	5,470	—	(280)	5,190	—
Total airport	816,800	44,890	(70,560)	791,130	43,362
Water Division:					
Revenue bonds payable	4,760	1,547	(4,019)	2,288	404
Customer deposits	1,800	733	—	2,533	—
Net pension liability	—	10,678	(1,671)	9,007	—
Net pension obligation	1,406	—	(1,406)	—	—
Pension funding project	2,999	—	(65)	2,934	—
Accrued vacation and sick time benefits	3,355	285	(201)	3,439	1,858
Total water division	14,320	13,243	(7,362)	20,201	2,262
Parking Division:					
Revenue bonds payable	69,679	6,440	(2,631)	73,488	2,751
Net pension liability	—	2,223	(255)	1,968	—
Net pension obligation	665	—	(665)	—	—
Pension funding project	831	—	(16)	815	—
Other	176	32	(17)	191	—
Unamortized discounts and premiums, net	360	(68)	(27)	265	—
Total parking division	71,711	8,627	(3,611)	76,727	2,751
Business-type activities long-term liabilities	\$ 902,831	66,760	(81,533)	888,058	48,375
Less amounts recorded in:					
Accrued salaries and other benefits				(5,326)	(5,326)
Accounts payable and accrued liabilities				(109)	(109)
				\$ 882,623	42,940

City of St. Louis, Missouri
Notes to Basic Financial Statements
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b. General Obligation Bonds

Principal and interest requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2016	\$ 3,660	1,064	4,724
2017	3,855	881	4,736
2018	4,040	692	4,732
2019	4,235	502	4,737
2020	885	297	1,182
2021 – 2025	5,145	911	6,056
2026	1,190	50	1,240
	<u>\$ 23,010</u>	<u>4,397</u>	<u>27,407</u>

c. Section 108 Loan Guarantee Assistance Programs

Principal and interest requirements for the combined Section 108 program notes are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2016	\$ 4,460	516	4,976
2017	4,750	467	5,217
2018	5,050	399	5,449
2019	5,360	312	5,672
2020	5,700	207	5,907
2021	6,050	74	6,124
	<u>\$ 31,370</u>	<u>1,975</u>	<u>33,345</u>

d. Development and Tax Increment Financing Bond and Notes Payable

The City issued \$49,917 in TIF bonds and notes payable during fiscal year 2015.

On March 11, 2015, the City issued \$5,050 in Industrial Development Authority of the City of St. Louis, Missouri Tax Increment Refunding Revenue Bonds, Series 2015 payable in varying amount through 2023 with an interest rate of 3.00%. These were issued to advance refund \$2,405 of the Industrial Authority's Tax Increment Refunding Revenue Bonds Series 2006 and alleviate a portion of the City's Tax-Exempt Subordinate Tax Increment Revenue Note, Series 2006 and its Taxable Subordinate Tax Increment Revenue Note Series 2006 (principal of \$1,037 and accrued interest of \$2,132).

City of St. Louis, Missouri
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Principal and interest requirements for the development and tax increment financing debt issues are as follows:

	TIF Bonds and Notes		
	Principal	Interest	Total
Year ending June 30:			
2016	\$ 15,563	22,316	37,879
2017	16,557	21,322	37,879
2018	17,600	20,345	37,945
2019	18,728	19,216	37,944
2020	19,931	18,014	37,945
2021 – 2025	113,261	69,479	182,740
2026 – 2030	94,915	32,762	127,677
2031 – 2035	29,890	10,750	40,640
2036 – 2040	7,349	3,947	11,296
2041 – 2045	6,548	1,651	8,199
	<u>\$ 340,342</u>	<u>219,802</u>	<u>560,144</u>

e. Loan Agreement With Missouri Transportation Finance Corporation (MTFC)

Principal and interest requirements under the loan agreement with the MTFC are as follows:

	Principal	Interest	Total
Year ending June 30:			
2016	\$ 502	65	567
2017	523	44	567
2018	530	22	552
	<u>\$ 1,555</u>	<u>131</u>	<u>1,686</u>

f. Capital Lease—Rolling Stock

The following is a schedule of future minimum lease payments as of June 30, 2015.

Year ending June 30:	
2016	\$ 5,023
2017	4,572
2018	4,572
2019	4,104
2020	2,749
Total future minimum lease payments	21,020
Amount representing interest	(1,289)
Present value of net minimum lease payments	<u>\$ 19,731</u>

City of St. Louis, Missouri
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g. Certificates of Participation

The City has a master lease agreement with SLDC, whereby the City has leased Stadium East Redevelopment Project and related property and portions of the City Block 210 (the Kiel Premises) to SLDC. On April 16, 2015, the SLMFC issued \$5,195 in Refunding Lease Certificates of Participation; Series 2015 with an average interest rate of 3.0% to advance refund \$5,455 of the Lease Certificates of Participation, Series 2008 with an average interest rate of 4.3%. The net proceeds of \$5,537 (after the addition of \$204 premium and \$911 prior debt service reserves less payment of \$233 in issuance costs were deposited with the escrow agent under the escrow deposit agreement and, together with interest earnings thereon, were applied to the payment of principal and interest on the Series 2008 Certificates of Participation. The current and advance refunding decrease the total debt service payment of the Series 2015 payment by \$617 and results in an economic gain (difference between present value of old and new debt service payments) of \$212. As a result, the Series 2008 Certificates of Participation are considered to be defeased, and the liability removed from the financial statements.

The following is a schedule, by years, of the future minimum payments together with the present value of the net minimum payments for the obligation, which supports the Kiel Premises, as of June 30, 2015.

Year ending June 30:		
2016	\$	808
2017		803
2018		821
2019		821
2020		816
2021 – 2022		<u>1,636</u>
Total future minimum obligation payments		5,705
Amount representing interest		<u>(510)</u>
Present value of net minimum obligation payments	\$	<u><u>5,195</u></u>

No capital assets are recorded by the City on its statement of net position in conjunction with this obligation due to the proceeds being used for demolition and site preparation.

h. Obligations with Component Unit

1) Convention Center – SLDC Series 2000 Bonds

In 2000, SLDC issued Series 2000 Compound Interest Leasehold Revenue Bonds (Series 2000 Bonds) in the amount of \$40,000 for the purpose of providing funding for the construction of a convention center hotel within the vicinity of the Convention Center. Under the Agreement, SLMFC has assigned its rights under the lease relative to the Series 2000 Bonds to SLDC. The City is required, beginning on July 15, 2011, to make lease payments to SLDC to fund the annual debt service payments for the Series 2000 Bonds.

City of St. Louis, Missouri
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The following is a schedule, by years, of the future minimum payments together with the present value of the net minimum payments for the obligation as of June 30, 2015.

Year ending June 30:		
2016	\$	15,295
2017		15,295
2018		15,295
2019		15,295
2020 – 2021		<u>30,590</u>
Total future minimum obligation payments		91,770
Amount representing interest		<u>(56,480)</u>
Present value of net minimum obligation payments	\$	<u><u>35,290</u></u>

No capital assets are recorded by the City on its statement of net position in conjunction with this obligation due to the proceeds of this obligation being used for construction of a convention center hotel that is not owned by the City.

2) 600 Washington Project – SLDC Series 2010 Bonds

On March 5, 2010, The Land Clearance for Redevelopment Authority (LCRA) issued \$16,960 Recovery Zone Facility Special Obligation Redevelopment Bonds Series 2010 (LCRA Series 2010 bonds) for the 600 Washington Project, a contractual obligation of the City.

The following is a schedule, by years, of the future minimum payments together with the present value of the net minimum payments for the obligation as of June 30, 2015.

Year ending June 30:		
2016	\$	961
2017		983
2018		1,008
2019		1,028
2020		1,058
2021 – 2025		5,687
2026 – 2030		6,552
2031 – 2035		7,549
2036 – 2040		<u>7,351</u>
Total future minimum obligation payments		32,177
Amount representing interest		<u>(16,041)</u>
Present value of net minimum obligation payments	\$	<u><u>16,136</u></u>

City of St. Louis, Missouri
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i. Loan agreement with Forest Park Forever

During fiscal year 2015, the SLMFC issued \$2,080 in additional Forest Park Taxable Subordinate Leasehold Revenue Bonds.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2016	\$ 95	237	332
2017	99	233	332
2018	104	228	332
2019	108	223	331
2020	114	218	332
2021-2025	651	1,009	1,660
2026-2030	814	846	1,660
2031-2035	1,017	642	1,659
2036-2040	1,272	388	1,660
2041-2043	911	85	996
	<u>\$ 5,185</u>	<u>4,109</u>	<u>9,294</u>

14. LEASEHOLD REVENUE IMPROVEMENT AND REFUNDING BONDS

a. Pension Funding Project 2007

The long-term liability for the Employees' System portion of the Pension Funding Project Series 2007 debt is reflected as a long-term liability within the accompanying basic financial statements as follows as of June 30, 2015:

Governmental activities	\$ 35,791
Business-type activities	<u>8,868</u>
	<u>\$ 44,659</u>

b. Convention Center and Forest Park

On February 5, 2015, the SLMFC issued \$23,905 in Convention Center Refunding and Improvement Projects Leasehold Revenue Bonds, Series 2015 with an average interest rate of 4.104% to advance refund \$21,850 of the Leasehold Revenue Bonds, Series 2008 with an average interest rate of 5.399%. The net proceeds of \$23,960 (after the addition of \$2,894 premium and \$2,138 prior debt service reserves less payment of \$293 in issuance costs) were deposited with the escrow agent under the escrow deposit agreement and, together with interest earnings thereon, were applied to the payment of principal and interest on the Leasehold Revenue Bonds, Series 2008. The current and advance refunding decrease the total debt service payment of the Series 2015 payment by \$3,338 and results in an economic gain (difference between present value of old and new debt service payments) of \$2,756. As a result, the Series 2008 Convention Center Leasehold Revenue Bonds are considered to be defeased, and the liability removed from the financial statements. Included in the financing is an additional \$2,000 was borrowed for Convention Center improvements.

City of St. Louis, Missouri
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On March 4, 2015, the SLMFC issued \$7,790 in Forest Park Leasehold Revenue Refunding Bonds, Series 2015 Bonds, with an average interest rate of 3.94% to advance refund \$8,105 of the Forest Park Leasehold Revenue Bonds, Series 2004 with an average interest rate of 4.38%. The net proceeds of \$8,150 (after the addition of \$684 premium less payment of \$324 in issuance costs were deposited with the escrow agent under the escrow deposit agreement and, together with interest earnings thereon, were applied to the payment of principal and interest on the Leasehold Revenue Bonds, Series 2004. The current and advance refunding decrease the total debt service payment of the Series 2015 payment by \$536 and results in an economic gain (difference between present value of old and new debt service payments) of \$502. As a result, the Series 2004 Forest Park Leasehold Revenue Bonds are considered to be defeased, and the liability removed from the financial statements.

Principal and Interest Requirements

Principal and interest requirements for the Leasehold Revenue Improvement and Refunding Bonds are as follows:

	City Parks		Convention Center	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2016	\$ 500	1,104	\$ 185	2,196
2017	515	1,089	135	2,247
2018	530	1,074	140	2,243
2019	555	1,052	145	2,239
2020	575	1,030	145	2,235
2021-2025	3,295	4,736	33,386	39,695
2026-2030	4,035	3,996	35,812	52,565
2031-2035	4,915	3,112	22,710	65,806
2036 – 2039	6,185	1,849	31,998	41,303
2040 – 2043	4,455	361	—	—
	<u>\$ 25,560</u>	<u>19,403</u>	<u>\$ 124,656</u>	<u>210,529</u>

	Justice Center		Forest Park	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2016	\$ 9,030	1,587	\$ 980	312
2017	9,485	1,135	1,015	281
2018	9,920	697	1,065	230
2019	3,630	218	1,105	187
2020	1,790	72	1,150	143
2021 – 2025	—	—	2,475	111
	<u>\$ 33,855</u>	<u>3,709</u>	<u>\$ 7,790</u>	<u>1,264</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements
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	Carnahan Courthouse		Abram Building (1520 Market Street)	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2016	\$ 1,330	853	\$ 1,381	209
2017	1,385	800	1,484	162
2018	1,440	744	1,036	118
2019	1,495	687	1,067	88
2020	1,555	627	1,098	57
2021 – 2025	8,775	2,135	1,130	25
2026 – 2030	4,710	316	—	—
	<u>\$ 20,690</u>	<u>6,162</u>	<u>\$ 7,196</u>	<u>659</u>

	Recreation sales tax		Police Capital Improvement sales tax	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2016	\$ 1,155	2,084	\$ 340	970
2017	1,185	2,036	350	958
2018	1,280	1,985	365	944
2019	1,335	1,931	380	930
2020	1,380	1,864	395	915
2021 – 2025	8,030	8,299	4,435	4,108
2026 – 2030	10,105	6,230	5,515	3,030
2031 – 2035	12,835	3,507	6,870	1,677
2036 – 2037	6,075	459	3,200	218
	<u>\$ 43,380</u>	<u>28,395</u>	<u>\$ 21,850</u>	<u>13,750</u>

	Public safety sales tax Pension funding project 2008		Juvenile detention center	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2016	\$ 1,930	494	\$ 585	961
2017	2,045	380	610	938
2018	2,165	261	635	914
2019	2,290	134	660	888
2020	—	—	685	862
2021 – 2025	—	—	3,860	3,869
2026 – 2030	—	—	4,775	2,958
2031 – 2035	—	—	5,950	1,783
2036 – 2038	—	—	4,250	388
	<u>\$ 8,430</u>	<u>1,269</u>	<u>\$ 22,010</u>	<u>13,561</u>

City of St. Louis, Missouri
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	Pension funding project	
	Principal	Interest
Year ending June 30:		
2016	\$ 2,785	8,349
2017	2,970	8,169
2018	3,160	7,976
2019	3,365	7,770
2020	3,585	7,551
2021 – 2025	21,735	33,943
2026 – 2030	29,780	25,900
2031 – 2035	40,800	14,879
2036 – 2040	20,275	1,998
	<u>\$ 128,455</u>	<u>116,535</u>

15. JOINT VENTURE FINANCING AGREEMENT

In April 1990, the St. Louis Regional Convention and Sports Complex Authority (Authority) was established as a separate legal entity by an act of the Missouri State legislature to acquire, purchase, or lease, and construct, operate, and maintain convention centers, sports stadiums, field houses, indoor and outdoor convention, recreational, and entertainment facilities, and to do all things incidental or necessary to facilitate these purposes.

The Authority entered into a Project Financing Construction and Operation Agreement (Financing Agreement) dated August 1, 1991 with the City, State, and County (collectively, the Sponsors) providing for the application of the proceeds of Project Bonds, for the repayment of the Project Bonds, and for the operation and maintenance of the Project. On August 1 and February 1 of each year, the City is obligated (subject to appropriations) to make rental payments of \$2,500 and preservation payments of \$500 regardless of the principal and interest payments due.

At June 30, 2015, the City's obligation for the Series C Bonds and net preservation payments (after deposits to the bond fund) payable from the general fund under the Financing Agreement is as follows:

	Principal	Interest	Preservation payments	Total
Year ending June 30:				
2016	\$ 3,490	1,411	1,099	6,000
2017	3,670	1,223	1,107	6,000
2018	3,865	1,025	1,110	6,000
2019	4,070	817	1,113	6,000
2020	4,280	598	1,122	6,000
2021 – 2022	9,245	491	(736)	9,000
	<u>\$ 28,620</u>	<u>5,565</u>	<u>4,815</u>	<u>39,000</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements
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16. COMPONENT UNIT—LONG-TERM LIABILITIES

a. Component Unit – SLDC Long-Term Liabilities

The following is a summary of changes in long-term liabilities for SLDC for the year ended June 30, 2015:

	June 30, 2014	Additions	Reductions	June 30, 2015	Within One Year
Due to other governmental agencies	\$ 5,234	609	(1,117)	4,726	4,726
Notes payable	28,578	—	(5,919)	22,659	4,694
Other liabilities	12,897	15,884	(19,596)	9,185	2,354
	<u>\$ 46,709</u>	<u>16,493</u>	<u>(26,632)</u>	<u>36,570</u>	<u>11,774</u>

Maturities on bank and other notes payable are as follows:

	Principal	Interest	Total
Year ending June 30:			
2016	\$ 4,694	801	5,495
2017	444	716	1,160
2018	465	695	1,160
2019	485	673	1,158
2020	13,681	311	13,992
2021 – 2030	2,890	664	3,554
	<u>\$ 22,659</u>	<u>3,860</u>	<u>26,519</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements
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17. REVENUE BONDS PAYABLE

a. Airport

Bonds outstanding at June 30, 2015 are summarized as follows:

Bond Series 2005, interest rate of 5.50%, payable in varying amounts through 2032	\$ 244,525
Bond Series 2007A, interest rate ranging from 4.25% to 5.25%, payable in varying amounts through 2033	193,505
Bond Series 2007B, interest rate of 5.00%, payable in varying amounts through 2028	104,735
Bond Series 2009A, interest rate ranging from 5.125% to 6.625%, payable in varying amounts through 2035	107,240
Bond Series 2011AB, interest rate of 5.00%, payable in varying amounts through 2016	5,750
Bond Series 2012, interest rate ranging from 3.00% to 5.00%, payable in varying amounts through 2033	27,275
Bond Series 2013, interest rate ranging from 2.00% to 5.00%, payable in varying amounts through 2019	25,670
Bond Series 2015, interest rate of 5.00%, payable in varying amounts through 2024	17,310
	<u>726,010</u>
Less:	
Current maturities	(39,785)
Unamortized discounts and premiums	31,660
	<u>(8,125)</u>
	<u>\$ 717,885</u>

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

On June 30, 2015, the Airport issued \$17,310 in Series 2015 Revenue Refunding Bonds payable in varying amounts from 2020 through 2024 with an interest rate of 5.00%. At June 30, 2015, \$17,890 of 2005 Series Revenue Refunding bonds are considered defeased. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements.

The Airport completed the advance refunding to reduce its total debt service payments over the next 8 years by \$3,064 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$2,102.

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As of June 30, 2015, the Airport's aggregate debt service requirements for the next five years and in five-year increments thereafter are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year(s) ending June 30:			
2016	\$ 39,785	37,117	76,902
2017	38,400	35,522	73,922
2018	40,475	33,446	73,921
2019	42,585	31,254	73,839
2020	36,150	29,175	65,325
2021 – 2025	197,360	116,041	313,401
2026 – 2030	210,130	62,507	272,637
2031 – 2035	121,125	11,909	133,034
	<u>\$ 726,010</u>	<u>356,971</u>	<u>1,082,981</u>

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 financial statements. At June 30, 2015, \$17,890 of these outstanding bonds related to the 2005 Series is considered defeased.

b. Water Division

Water revenue bonds outstanding at June 30, 2015 are payable solely from and secured by, a pledge of net revenues from the operation of the Water Division and are as follows:

Series 2013 Water Revenue Refunding Bonds, 1.56%, drawdown loan, payable in varying amounts through January 1, 2034	\$ 2,288
Less:	
Current maturities	(404)
	<u>\$ 1,884</u>

Series 2013 Water Revenue Bonds

In November 2013, the Water Division issued \$9,500 (not to exceed) in Water Revenue Bonds (Series 2013 Bonds) through the Missouri Department of National Resources Direct Loan Program. This bond issue is a drawdown loan with a fixed interest rate of 1.56% to fund various projects at the water treatment plants and throughout the distribution system. At June 30, 2015, the Water Division has drawn down a total of \$2,487 of the loan.

City of St. Louis, Missouri
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Debt Service Requirements

Debt service requirements to maturity of the 2013 Series Water Revenue Bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For the year ending June 30:			
2016	\$ 404	36	440
2017	412	29	441
2018	422	23	445
2019	430	16	446
2020	439	10	449
2021	181	3	184
	<u>\$ 2,288</u>	<u>117</u>	<u>2,405</u>

Principle and interest payments are due semiannually on January 1 and July 1.

c. **Parking Division**

Revenue bonds outstanding at June 30, 2015 are as follows:

SLPCFC Series 2003A tax-exempt revenue bonds, interest rates variable, not to exceed 12%, payable in varying amounts through 2028	\$ 2,585
SLPCFC Series 2003B taxable revenue bonds interest rates variable, not to exceed 5%, payable in varying amounts through 2038	5,935
Series 2006 revenue bonds interest ranging from 3.75% to 5.14% payable in varying amounts through 2032	46,250
Series 2007 revenue bonds interest ranging from 4.125% to 6.00% payable in varying amounts through 2034	10,945
Series 2013A subordinated parking revenue bond interest rates variable, not to exceed 2.30%, payable in varying amounts through 2022	1,333
Series 2015A subordinated parking revenue bond interest rates variable, not to exceed 3.50%, payable in varying amounts through 2032	6,440
	<u>73,488</u>
Less:	
Current portion of revenue bonds payable	(2,750)
Unamortized discount and premium	265
	<u>\$ 71,003</u>

City of St. Louis, Missouri
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Debt service requirements of the revenue bonds at June 30, 2015 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2016	\$ 2,751	3,217	5,968
2017	3,200	3,070	6,270
2018	3,321	2,952	6,273
2019	3,454	2,814	6,268
2020 – 2024	19,226	11,702	30,928
2025 – 2029	21,402	7,374	28,776
2030 – 2034	18,439	2,077	20,516
2035 – 2039	1,695	210	1,905
	<u>\$ 73,488</u>	<u>33,416</u>	<u>106,904</u>

18. PLEDGED REVENUES

The City has pledged specific revenue streams to secure the repayment of certain outstanding debt issues. The following narratives list those revenues by source along with the general purpose of the debt, the amount of the pledge remaining, the term of the pledge commitment, the amount of pledged revenue collected during the current fiscal year, and the approximate percentage of the revenue stream that has been committed, if estimable:

a. Governmental activities

The City has pledged an ad valorem tax levied upon all taxable, tangible property, real and personal (property tax revenue) related to various general obligation revenue bonds. The general purpose of the various general obligation revenue bonds is the purpose of refunding renovation of fire and police buildings and demolition of unsafe or condemned buildings and communications equipment for fire police and EMS and police infrastructure improvements. The bonds are payable, in part, from a tax rate that is set annually based on revenue required to pay debt. The term of commitments related to such pledged revenues vary by issuances and extend to fiscal year 2026. Annual principal and interest payments on the bonds are expected to require 100% of estimated related net revenues. As of June 30, 2015, the total principal and interest remaining to be paid on the debt is \$27,407. Principal and interest paid was \$6,421 for the year ended June 30, 2015. The pledged net revenue recognized for the year ended June 30, 2014 was \$6,599. During fiscal year 2015, the proportion of pledged revenues needed for debt service to revenues collected was 100%.

The City has pledged all payments in lieu of taxes (PILOTs) and fifty per cent of the economic activity taxes (EATS) captured in specified TIF districts to pay debt outstanding. The general purpose of the TIFS is to assist in development of blighted properties. The debt outstanding is payable from the related pledged revenues through year 2036. Annual principal and interest outstanding on the various TIF bonds and notes outstanding is paid based on the amount of revenue captured in each particular district. It has also been pledged to pay debt on the Section 108 Loan for the Convention Center Hotel and the 600 Washington obligation with component unit. Annual principal and interest payments on the bonds are expected to require 100% of estimated related net revenues. As of June 30, 2015, the total principal and

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interest remaining is \$616,770. Principal and interest paid was \$33,248 for the year ended June 30, 2015. The pledged net revenue recognized for the year ended June 30, 2015 was \$28,922. During fiscal year 2015, the proportion of pledged revenues needed to revenues collected was 100%.

A \$45 (in dollars) surcharge on civil cases in the circuit court is imposed by state statute to be used for courthouse restoration. A city ordinance also imposes a \$5 (in dollars) court cost on all municipal ordinance violation cases to be used for courthouse restoration. The funds are used as pledges for the Civil Court and Carnahan Courthouse Leasehold Revenue Refunding Bond Series, with purposes of financing renovations at the Civil Courts building and the Carnahan Courthouse, respectively. The term of commitment related to such pledged revenues extend to fiscal year 2027. Annual principal and interest payments on the bonds are expected to require 100% of estimated related net revenues. As of June 30, 2015, the total principal and interest remaining on these financings is \$26,852. Principal and interest paid was \$4,921 for the year ended June 30, 2015. The pledged net revenue recognized for the year ended June 30, 2015 was \$1,237. During fiscal year 2015, the proportion of pledged revenues needed to revenues collected was 100%.

The City has pledged State per diem prisoner reimbursements for boarding of State prisoners to Justice Center debt issuances. The purpose of the financings was to construct a new Justice Center. The term of commitment related to such pledged revenues extend to fiscal year 2020. Annual principal and interest payments on the bonds are expected to require 100% of estimated related net revenues. As of June 30, 2015, total principal and interest remaining on the debt is \$37,564. Principal and interest paid was \$10,623 for the year ended June 30, 2015. The pledged net revenue recognized for the year ended June 30, 2015 was \$6,322. During fiscal year 2015, the proportion of pledged revenues needed to revenues collected was 100%.

The City has pledged a portion of the one half cent capital improvement sales tax to fund the Forest Park Leasehold Revenue Refunding Bonds, whose purpose was to finance improvements to Forest Park. As legally committed by ordinance, 10.4% of the revenue collected from this sales tax is allocated for Forest Park. The annual debt payment is appropriated from this source of funds. The term of commitment related to such pledged revenues extend to fiscal year 2022. Annual principal and interest payments on the bonds are expected to require less than 80% of estimated related net revenues. Forest Park Taxable Subordinate Leasehold Revenue Bonds issued pledge the remainder of the tax as well as any revenue generated in the park. As of June 30, 2015, total principal and interest remaining on the debt is \$18,348. Principal and interest paid was \$3,089 for the year ended June 30, 2015. The pledged net revenue recognized for the year ended June 30, 2015 was \$3,087. During fiscal year 2015, the proportion of pledged revenues needed to revenues collected was 100%.

The City has pledged the one eighth cent parks and recreation sales tax to fund the Recreation Sales Tax Leasehold Revenue Bonds Revenue Bonds whose purpose was the construction of two new recreation centers. The annual debt payment is appropriated from this source of funds. The term of commitment related to such pledged revenues extend to fiscal year 2037. Annual principal and interest payments on the bonds are expected to require less than 80% of estimated related net revenues. As of June 30, 2015, total principal and interest remaining on the debt is \$71,775. Principal and interest paid was \$3,239 for the year ended June 30, 2015. The pledged net revenue recognized for the year ended June 30, 2015 was \$4,886. During fiscal year 2015, the proportion of pledged revenues needed to revenues collected was 66.3%.

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The City has pledged a portion of the one half cent capital improvement sales tax to fund the Police Capital Improvements Sales Tax Leasehold Revenue Bonds Series 2007, whose purpose was capital improvements to police buildings and certain interoperable communications equipment to be used by the police, fire and EMS. As legally committed by ordinance, 10% of the revenue collected from this sales tax is allocated for police capital improvements. The annual debt payment is appropriated from this source of funds. The term of commitment related to such pledged revenues extend to fiscal year 2037. Annual principal and interest payments on the bonds are expected to require less than 90% of estimated related net revenues. As of June 30, 2015, total principal and interest remaining on the debt is \$35,600. Principal and interest paid was \$1,308 for the year ended June 30, 2015. The pledged net revenue recognized for the year ended June 30, 2015 was \$1,863. During fiscal year 2015, the proportion of pledged revenues needed to revenues collected was 70.2%.

Sales tax revenues dedicated to City Parks have been pledged to pay debt outstanding on the City Parks Leasehold Improvement Dedicated Revenue Bonds. Debt payments will be made from dedicated revenues for parks in the Capital Improvement Sales Tax, Metropolitan Park and Recreation District Capital Improvement Sales Tax, and Arch-Metro Parks Sales Tax. Annual principal and interest payments on the bonds are expected to require less than 75% of estimated related revenues. As of June 30, 2015, total principal and interest remaining on the debt is \$44,963. Principal and interest paid was \$1,607 for the year ended June 30, 2015. The pledged net revenue recognized for the year ended June 30, 2015 was \$3,104. During fiscal year 2015, the proportion of pledged revenues needed to revenue collected was 51.8%.

The City has pledged all payments in lieu of taxes (PILOTs) and fifty per cent of the economic activity taxes (EATS) captured in the Argyle TIF district to pay debt outstanding on a portion of the Parking Revenue Bonds Series 2006 associated with the Argyle parking garage construction. The term of commitment related to such pledged revenues extend to fiscal year 2022. Annual principal and interest payments on the bonds are expected to require less than 100% of estimated related net revenues. As of June 30, 2015, total principal and interest outstanding on this portion of the debt is \$6,918. The pledged net revenue recognized for the year ended June 30, 2015 related to the collection of PILOTs and EATS was \$1,586. During fiscal year 2015, the proportion of pledged revenues needed to revenues collected was 100%.

The City has pledged all payments in lieu of taxes (PILOTs) and fifty per cent of the economic activity taxes (EATS) captured in the Euclid-Buckingham TIF district to pay debt outstanding on a portion of the Parking Revenue Bonds Series 2006 associated with the Euclid-Buckingham parking garage construction. The term of commitment related to such pledged revenues extend to fiscal year 2022. Annual principal and interest payments on the bonds are expected to require less than 100% of estimated related net revenues. As of June 30, 2015, total principal and interest outstanding on this portion of the debt is \$8,494. The pledged net revenue recognized for the year ended June 30, 2015 related to the collection of PILOTs and EATS was \$307. During fiscal year 2015, the proportion of pledged revenues needed to revenues collected was 100%.

The City has pledged general fund police parking ticket revenues to the Parking Revenue Bonds Series 2006 and Series 2007 in parity with the Parking Division to make up any shortfall of other committed sources. The term of commitment related to such pledged revenues extend to fiscal year 2038. As of June 30, 2015, total principal and interest remaining on the debt is \$46,719. During fiscal year 2015,

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revenue from the police parking ticket revenues totaled \$588. During fiscal year 2015, none of general fund revenues were used to meet the debt service requirements and the Parking Division has a payable to the City for this payment. See note 18b.

b. Business-type activities

Airport

The Airport has pledged future specific revenue streams, net of specified operating expenses, to secure the repayment of \$726,010 in various long-term debt issuances, as outlined in note 18. 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, 2015, the total principal and interest remaining to be paid on the bonds is \$1,082,981. Principal and interest paid was \$77,017 for the year ended June 30, 2015. The pledged net revenue recognized for the year ended June 30, 2015 was \$96,274.

Water

The Water Division has pledged specific revenue streams to secure the repayment of Series 2013 Bonds. As of June 30, 2015, the remaining principal and interest requirement is \$2,405 payable through January 2021 (fiscal year 2021). Principal and interest paid for the Series 2013 Bonds was \$4,062. The proportion of pledged revenue to revenue collected is estimated at 7.5% at June 30, 2015. The pledged net revenue recognized for the year ended June 30, 2015 was \$53,842.

Parking

The Parking Division has pledged specific net Parking Division project revenues and net Parking Division revenues, net of specified operating expenses, to secure the repayment of the City of St. Louis Parking Revenue Bonds, Series 2006, 2007, 2013A, and 2015A. The general purpose of the bonds is to build parking facilities in the City. As of June 30, 2015 the remaining principal and interest requirement is \$93,438 payable through fiscal year 2034. Principal and interest paid for the Series 2006, 2007, 2013A, and 2015A Parking Revenue Bonds was \$4,803 for the year ended June 30, 2015. The pledged net revenue recognized for the year ended June 30, 2015 was \$9,767.

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19. SHORT-TERM DEBT

a. City

The City issued \$65,000 of general fund Tax and Revenue Anticipation notes dated July 10, 2014 and redeemed May 29, 2015. The purpose of the notes is to improve cash flow to allow more prompt vendor payments and encourage additional vendors to bid on City business.

Short-term debt activity for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Issued	Redeemed	Balance June 30, 2015
Tax and revenue anticipation notes	\$ —	65,000	(65,000)	—
	<u>\$ —</u>	<u>65,000</u>	<u>(65,000)</u>	<u>—</u>

20. OPERATING LEASES

- a. At June 30, 2015, the City was committed under miscellaneous operating leases for office space and equipment. Future minimum base rental payments under terms of the operating leases are as follows:

Year ending June 30:	
2016	\$ 871
2017	720
2018	534
2019	235
2020	53
2021 – 2025	250
2026 – 2030	167
	<u>\$ 2,830</u>

Rental and lease expenditures for the fiscal year 2015 totaled \$3,332.

b. Airport – Use Agreements and Leases with Signatory Air Carriers

Effective July 1, 2011, the Airport entered into long-term use and lease agreements with signatory air carriers that will expire on June 30, 2016. 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:

- 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

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actual costs incurred and estimated and actual landing weights. These revenues are included in aviation revenue—airfield.

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

During fiscal year 2015, revenues from signatory air carriers accounted for 53.1% 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 signatory and non-signatory air carriers for the year ended June 30, 2015:

	<u>Signatory</u>	<u>Non- signatory</u>	<u>Total</u>
Airfield	\$ 51,409	13,086	64,495
Terminal and concourses	22,473	2,492	24,965
Hangars and other buildings	509	602	1,111
Cargo buildings	127	230	357
	<u>\$ 74,518</u>	<u>16,410</u>	<u>90,928</u>

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.

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The Airport leases facilities and land with varying renewal privileges to various non-signatory 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 non-cancelable operating leases, other than leases with signatory airlines, pursuant to long-term use agreements:

Year(s) ending June 30:	
2016	\$ 22,837
2017	22,091
2018	21,836
2019	21,619
2020	16,281
2021 – 2025	26,669
2026 – 2030	11,391
2031 – 2035	7,324
2036 – 2039	62
Total minimum future rentals	<u>\$ 150,110</u>

The above amounts do not include contingent rentals that may be received under certain leases. Such contingent rentals amounted to \$4,197 for the year ended June 30, 2015.

Unearned lease revenues included in Airport other long-term liabilities in the amount of \$5,190 as of June 30, 2015 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 non-cancelable arrangements that expire at various dates through 2018. Expenses for operating leases and service agreements were \$67 for the year ended June 30, 2015. Future minimum payments are as follows:

Year ending June 30:	
2016	\$ 40
2017	22
2018	9
2019	3
Total minimum future rentals	<u>\$ 74</u>

c. Component Unit—SLDC

During the year ended June 30, 2011, SLDC signed a sub-lease agreement with the City that commenced March 1, 2012 until June 30, 2031 with rental payments of \$620 per year for the first 10 years and variable amounts for the remaining 10 years. SLDC also has sublease agreements with Community Development Agency (CDA), Affordable Housing Commission (AFC), and Planning and Urban Design Development Agency (PDA) and in effect through June 30, 2031.

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Future minimum base rents under the terms of the lease agreements net of sublease rents anticipated from CDA and PDA as of June 30, 2015 are as follows:

Year ending June 30:		
2016	\$	335
2017		336
2018		335
2019		336
2020 – 2021		671
	\$	<u>2,013</u>

Additionally, at June 30, 2015, SLDC was committed through a 25-year operating lease with the City, which requires annual rental payments of \$1 (in dollars) for property at the City terminal site. Under the lease agreement, SLDC shall make improvements to the leased premises and award subleases for all or a portion of the leased premises. Sublease revenue is retained by SLDC for use at the terminal site.

21. INTERFUND BALANCES

Individual fund interfund receivable and payable balances as of June 30, 2015 are as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Special revenue—Grants fund	\$ 3,836
	Enterprise:	
	Airport	1,730
	Water Division	1,187
	Parking Division	1,492
		<u>8,245</u>
Other governmental nonmajor funds	General fund	3,168
	Capital projects fund	451
	Other governmental nonmajor funds	1,118
		<u>4,737</u>
Internal service funds	General fund	743
	Other governmental nonmajor funds	4
	Special revenue—Grants fund	1
	Enterprise:	
	Airport	2,543
	Water Division	2,642
	Parking Division	248
		<u>6,181</u>
		<u>\$ 19,163</u>

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All of these interfund balances are due to either timing differences or due to the elimination of negative cash balances within the various funds. All interfund balances are expected to be repaid during the fiscal year ending June 30, 2015.

Advances to/from other funds as of June 30, 2015 are as follows:

<u>Advance from</u>	<u>Advance to</u>	<u>Amount</u>
General fund	Internal Service Fund	\$ 40,917

22. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2015 consisted of the following:

		<u>Transfer To</u>				
		<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Grants Fund</u>	<u>Other Governmental Funds</u>	<u>Parking Division</u>
						<u>Total</u>
	General fund	\$ —	11,333	8	1,850	—
	Capital Projects fund	39	—	5	14	—
Transfer	Other Governmental funds	28,330	8,971	—	811	964
From	Grants fund	2	—	—	—	—
	Parking	1,061	—	—	—	—
	Airport	6,407	—	—	—	—
	Water Division	3,115	—	—	—	—
		<u>\$ 38,954</u>	<u>20,304</u>	<u>13</u>	<u>2,675</u>	<u>964</u>
						<u>62,910</u>

Interfund transfers were used to: (1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance capital improvements and other funds in accordance with budgetary authorization, or (3) move revenues in excess of current year expenditures to other funds. Additionally, gross receipt payments from the Airport and the Water Division are handled as transfers from each respective enterprise fund to the general fund.

23. COMMITMENTS AND CONTINGENCIES

a. Grants

In connection with various federal, state, and local grant programs, the City is obligated to administer related programs and 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 City to refund program moneys. Through June 30, 2015, claims have been made on the City to make refunds under certain programs and other programs are still open as to compliance determination by the respective agencies. In the opinion of City officials, settlement of these matters will not result in a material liability to the City.

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SLPD was 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. A number of legal suits originally against SLPD are presently pending for alleged wrongful personal injuries, civil rights violations, and negligence in the line of duty.

During fiscal year 2005, the Court of Appeals for the State of Missouri affirmed that under Missouri State Statutes, Chapter 84, the SLPD was an agency of the state. As an agency of the state, the SLPD was covered by the State of Missouri's legal expense fund for most general liability and various other claims and legal actions occurring prior to August 28, 2005. On August 28, 2005, Missouri legislation became effective modifying the coverage provided to the SLPD by the State of Missouri for general liability and various other claims and legal actions. State of Missouri Bill No. 420 provides that the State of Missouri was liable annually for funding general liability claims on an equal share basis per claim with the Public Facilities Protection Corporation (PFPC), an internal service fund of the City, up to a maximum of \$1,000. The SLPD was covered by PFPC for most self-insured risks, including general liability and various other claims and legal actions, exceeding the limitations set forth by the enacted legislation. Of these suits, \$3,590 is included in the self-insurance claim liability of \$50,279 and \$11,886 is included as the estimate of reasonably possible within the \$18,868. Discussions are occurring between the City and the State of Missouri as to who is liable for certain suits that occurred prior to July 1, 2013 and also prior to August 28, 2005.

b. Commitments

At June 30, 2015, the City had outstanding commitments amounting to approximately \$10,423, resulting primarily from service agreements.

Additionally, at June 30, 2015, the Airport had outstanding commitments amounting to approximately \$20,228 resulting primarily from contracts for construction projects. In addition, the Airport has \$38,976 in outstanding commitments resulting from service agreements.

c. Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrances outstanding at year end are not accounted for as expenditures and liabilities, but are included in fund balance. As of June 30, 2015 encumbrances of \$3,928 were reported in the general fund, \$27,220 in the capital projects services fund and \$2,240 in the other governmental funds.

d. American Airlines 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 8% of the Airport's total operating revenues and 15% of total revenues from signatory air carriers for the fiscal year ended June 30, 2015. Accounts receivable at June 30, 2015 contained \$502 relating to amounts owed to the Airport by American. This amount includes \$491 of unbilled aviation revenues at June 30, 2015.

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Southwest provided 27% of the Airport's total operating revenues and 51% of total revenues from signatory air carriers for the fiscal year ended June 30, 2015. Accounts receivable at June 30, 2015 contained \$641 relating to amounts owed to the Airport by Southwest. This amount includes \$1,986 of unbilled aviation revenues at June 30, 2015.

e. Asbestos Removal

The Water Division has identified certain of its structures as having asbestos in place. As part of its continuing process of upgrading facilities, the costs for removal of the asbestos material and restoration or replacement of the affected areas are being included in budgets for capital projects. No mandatory time requirement is in effect. The removal plan would be accelerated by changes in plans for remodeling, if any.

f. Parking Capital Commitments and Subsequent Events

On June 10, 2010, several employees who were part of an outsourcing of the meter collections, filed suit against the Parking Division. On August 24, 2012, the Court found the Parking Division liable by outsourcing the duties of employees. However, in fiscal year 2014, the Parking Division won the case on appeal and there is a possibility that this case will be taken by the Supreme Court. In fiscal year 2015, the Parking Division won the summary judgement on all claims without going to trial. However, this could still be appealed. The final outcome should be determined before January, 2016.

g. Component Unit—SLDC

In the normal course of its operations, certain lawsuits and legal action are pending against SLDC. In the opinion of SLDC officials and legal counsel, these items are not expected to have a material effect, individually or in the aggregate, upon the net position or the results of operations of SLDC. In addition, certain properties held for development may be subject to future environmental remediation costs. In the opinion of SLDC officials, these costs would not have a material adverse effect upon the financial position or the results of operations of SLDC.

SLDC has entered into various cooperative agreements with the CDA as a subrecipient/administrator of the Community Development Block Grant Programs. The purpose of these grants and contracts is to provide support for economic development in the City. Revenues from these contracts amounted to \$2,882 during the year ended June 30, 2015.

SLDC has received seven allocation awards of New Market Tax Credit (NMTC) investment authority pursuant to Section 45D of the Internal Revenue Code: a Round 2, \$52,000 allocation received in 2005, a Round 6, \$45,000 allocation in October 2008, a Round 7, \$65,000 allocation received in October 2009, a Round 8, \$21,000 allocation in February 2011, a Round 9, \$50,000 allocation received in February 2012, a Round 10, \$30,000 allocation received in April 2013 and a Round 12, \$45,000 allocation received in June 2015 from the Department of the Treasury's Community Development Financial Institutions Fund (CDFI). The NMTC program allows individuals and corporate taxpayers to receive a credit against federal income taxes in exchange for making a qualified entity investment in a qualified active low-income community business (QALICB). In order to qualify for the credits various federal requirements must be complied with.

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SLDC was required to create Community Development Entities (CDE) so as to demonstrate its mission of serving low-income residents and its accountability to the low income community. The NMTC program requires the credits to be transferred to the QALICB's by for-profit partnerships or corporations for federal tax purposes. To comply with this provision, SLDC created 60 subsidiary CDEs – St. Louis New Markets Tax Credit Fund, LLC I through XL and 41 – 60 with the intent that each project to be allocated would be assigned its own CDE. All of SLDC's first 6 allocations have been fully deployed into 37 projects. The Round 12 allocation still has \$45,000 available; however four transactions totaling \$22,000 are currently in underwriting and expected to close within the next 2 months.

SLDC receives financial assistance from several federal, state, and local government agencies in the form of grants and contracts. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the contract and grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become an SLDC liability. However, in the opinion of their management, any such disallowed claims will not have a material effect on the basic financial statements of SLDC at June 30, 2015.

24. RISK MANAGEMENT

The City 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 City is self-insured with respect to its obligation to provide workers' compensation, general liability, unemployment benefits, and prescription drug coverage. Effective February 1, 2003, the City became self-insured for property damage caused by garbage and refuse trucks. The City has sovereign tort immunity from liability and suit for compensatory damages for negligent acts or omissions, except in the case of injuries arising out of the operation of City motor vehicles or caused by the condition of City property. The maximum claim settlement established by state statute for such claims is \$300 per person and \$2,000 per occurrence. Various claims and legal actions involving the City are presently pending. Additionally, a number of legal suits against SLPD are presently pending for alleged wrongful personal injuries, civil rights violations, and negligence in the line of duty. The City's policy is to record these claims in its government-wide financial statements when it is probable that a liability has been incurred and the amount can be reasonably estimated.

For workers' compensation and general liability, the estimated liability for payment of incurred (both reported and unreported) but unpaid claims and claim adjustment expenditures of \$50,279 at June 30, 2015, relating to these matters is recorded in the self-insurance internal service fund—PFPC. Of total workers' compensation liability, \$4,304 has been accrued for benefits to be paid for long-term medical care for officers seriously injured in the line of duty. Benefit payments for these cases amounted to approximately \$369 for the year ended June 30, 2015. The City obtains periodic funding valuations from a claims-servicing company managing the appropriate level of estimated claims liability. Enterprise funds reimburse PFPC on a cost-reimbursement basis.

The City is self-insured for the prescription drug coverage provided to employees and retirees. The estimated liability for payment of incurred but unpaid claims and claim adjustment expenditures of \$685 at June 30, 2015 relating to such matters is recorded in the self-insurance internal service fund—health.

Additionally, as of June 30, 2015, the following claims were recorded/accrued within the noted funds because the claims are not accounted for within the PFPC internal service fund; General fund in the amount of \$33.

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The City maintains a blanket surety bond covering all City employees through PFPC. In addition, the City purchases commercial insurance for property damage for large City buildings and some contents. Damage and liability coverage is applicable to the Airport. There were no significant changes in coverage for the year ended June 30, 2015 and, for the years ended June 30, 2015 and 2014 settlements did not exceed coverage.

Changes in the self-insurance claims liability for the years ended June 30, 2015 and 2014 are as follows:

	Beginning balance	Current year claims and changes in estimates	Claim payments	Ending balance
2015	\$ 45,825	31,797	(27,343)	50,279
2014	40,899	25,572	(20,646)	45,825

Additionally, there is an estimate of general liability claims outstanding of \$18,868 which the City Counselor's office has determined there is a reasonable possibility that a loss contingency may be incurred but no accrual has been made within the government-wide financial statements or fund financial statements because the loss is not both probable and estimateable.

25. GRANT LOAN PROGRAMS

The City's general fund and grants fund include the activities of the CDA that, among other activities, makes loans to developers under the Housing Implementation Program. This program, which is administered for the City by certain financial institutions, provides funds to rehabilitate housing units for low- and moderate-income families. These loans typically are noninterest bearing, due in 25 years, and secured by a second deed of trust. CDA also made loans under the Urban Development Action Grant (UDAG) program to assist organizations with development projects within the City. These loans typically have a lower-than-market interest rate and payback periods ranging from 10 to 40 years after completion of the projects.

Any funds received from the repayments of these loans are to be spent by the City in accordance with Community Development Block Grant program regulations. Since repayment of the loans is dependent on the success of projects that involve considerable risk, collectability is not assured, and accordingly, the City reflects these loans as an expenditure of the grants fund in the year the loans are made. Any loan repayments are reflected as intergovernmental revenue (or deferred revenue if moneys have not been spent) in the year of receipt.

26. COMPONENT UNIT—SLDC CONDUIT DEBT

SLDC facilitates the issuance of tax-exempt bonds for various private enterprises and government agencies. After the bonds are sold, the proceeds are typically used to purchase real estate or fund capital improvements for the respective entity. Since the entity is responsible for the repayment of the bonds, no liability is established on the SLDC's books. Therefore, transactions related to the leases and the related bond liability are not presented in SLDC's basic financial statements.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2015
(dollars in thousands)

27. FUND BALANCE

The following table displays the breakdown of fund balance by purpose in accordance with GASB Statement No. 54:

	General fund	Capital projects fund	Grant funds	Other governmental fund	Total
Nonspendable:					
Health and welfare	\$ —	—	—	10	10
Parks and recreation	—	—	—	1	1
Public safety	1,732	—	—	—	1,732
Other	693	—	—	—	693
Total Nonspendable	2,425	—	—	11	2,436
Restricted:					
Redevelopment	—	—	—	11,994	11,994
Streets and bridges	—	1,680	—	44	1,724
Public safety	—	2,711	818	69	3,598
Parks and recreation	—	24,918	—	1,837	26,755
Convention and tourism	—	4,252	—	—	4,252
Transportation	—	—	—	5,610	5,610
Debt service	14,852	4,547	—	23,816	43,215
Other	—	304	—	1,901	2,205
Total Restricted	14,852	38,412	818	45,271	99,353
Committed:					
Health and welfare	—	—	—	13,417	13,417
Streets and bridges	—	4,666	—	1,958	6,624
Public safety	—	463	—	5,658	6,121
Parks and recreation	—	9,747	—	2,146	11,893
Convention and tourism	—	—	—	3,327	3,327
Payroll reserve	9,134	—	—	—	9,134
Other	—	18,794	—	3,898	22,692
Total Committed	9,134	33,670	—	30,404	73,208
Assigned:					
Redevelopment	—	—	—	2,883	2,883
Health and welfare	—	—	—	8	8
Streets and bridges	—	—	—	31	31
Public safety	—	—	—	40	40
Parks and recreation	—	—	—	170	170
Convention and tourism	—	—	—	—	—
Other	2,242	—	—	3,247	5,489
Total Assigned	2,242	—	—	6,379	8,621
Unassigned	—	(18,227)	—	—	(18,227)
Total fund balance	\$ 28,653	53,855	818	82,065	165,391

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2015
(dollars in thousands)

28. SUBSEQUENT EVENTS

a. Tax and Revenue Anticipation Notes

The City issues tax and revenue anticipation notes in advance of property tax collections, depositing the proceeds in its general fund. On July 7, 2015, the City issued \$60,000 in Tax and Revenue Anticipation Notes payable from the general fund. The notes mature on June 1, 2016 and bear interest at a rate of 2.00% per year.

b. Development and Tax Increment Revenue Notes

Subsequent to June 30, 2015, the City issued development and tax increment revenue notes totaling \$39,744 with interest rates ranging from 4.50% to 7.08%.

c. 1520 Market Financing

On September 1, 2015, the SLMFC issued \$7,000 1520 Market St. Leasehold Refunding Revenue Bonds, Series 2015A and Not to Exceed \$13,000 1520 Market St. Taxable Leasehold Revenue Bonds, Series 2015B. Along with additional contributions of the City, the Series 2015A bonds refunded the Series 2007 and Series 2011 outstanding principal in the amount of \$7,196, as well as any accrued interest, redemption premiums and cost of issuance. A draw on the Series B bonds in the amount of \$5,500 was used for cost of issuance and site preparation for the possible NGA property.

d. General Obligation Bonds Refinancing

Subsequent to June 30, 2015, the City approved the refinancing of \$23,010 General Obligation Bonds.

e. Water Revenue Refunding Bonds

In September 2015, the Water Division drew down an additional \$210 of the Series 2013 Water Revenue Refunding Bonds.

f. Property Taxes

The City tax rate levied in November 2015 was \$1.6158 per \$100 (in dollars) of assessed valuation of which \$1.4828 (in dollars) is for the general fund and \$0.133 (in dollars) is for the debt service fund.

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APPENDIX C

Summary of Certain Provisions of the Legal Documents

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APPENDIX C

Summary of Certain Provisions of the Legal Documents

Definitions of Words and Terms

The following words are defined in the Trust Indenture dated as of June 1, 2016 by and between the St. Louis Municipal Finance Corporation and U.S. Bank National Association, as Trustee:

“Act” means the Missouri Nonprofit Corporation Act, as amended.

“Additional Bonds” means any bonds issued by the Corporation pursuant to Section 209 of the Indenture.

“Additional Rentals” means the payments payable by the City pursuant to Section 4.2 of the Lease.

“Authorized Denominations” means Five Thousand Dollars (\$5,000) or any integral multiple thereof.

“Base Lease” means the Base Lease between the City and the Corporation, dated as of the date of the Indenture, as from time to time further supplemented or amended in accordance with Section 7.3 thereof.

“Base Lease Rent” means the items referred to as such in Section 3.4 of the Base Lease.

“Base Lease Term” means the term of the Base Lease commencing as of the date of the delivery of the Base Lease and ending on the date specified in Section 3.1 of the Base Lease.

“Board of Aldermen” means the Board of Aldermen of the City.

“Bond,” “Bonds,” or *“Series of Bonds”* means any bond or bonds, including the Series 2016 Bonds and any Additional Bonds, authenticated and delivered under and pursuant to the Indenture.

“Bond Counsel” means Spencer Fane LLP, or an attorney or firm of attorneys with nationally recognized standing in the field of municipal bond financing as approved by the Corporation and the City.

“Bond Documents” means the Indenture, the Base Lease, the Lease, the Leasehold Deed of Trust, the Tax Compliance Agreement, the Purchase Agreement, and any and all other documents which the Corporation, the City, or any other party or parties or their representatives, have executed and delivered, or may hereafter execute and deliver, to evidence or secure the Corporation’s obligations under the Indenture or the City’s obligations under the Lease, or any part thereof or in connection therewith; provided, however, that when the words “Bond Documents” are used in the context of the authorization, execution, delivery, approval, or performance of Bond Documents by a party thereto, the same shall mean only those Bond Documents that provide for or contemplate authorization, execution, delivery, approval, or performance by such party.

“Bond Register” means the register and all accompanying records kept by the Bond Registrar evidencing the registration, transfer, and exchange of Bonds.

“Bond Registrar” means the Trustee or any successor when acting in such capacity under the Indenture.

“*Bondholder*,” “*Holder*,” or “*Registered Owner*” means the registered owner of any Bond as recorded on the Bond Register.

“*Business Day*” means any day except Saturday, Sunday, a legal holiday, or a day on which banking institutions located in the State are authorized by law to close.

“*City*” means The City of St. Louis, Missouri, a municipal corporation and political subdivision organized and existing under its Charter and the constitution and laws of the State.

“*City Representative*” means the Comptroller or any other person or persons at the time designated to act on behalf of the City in matters not requiring legislative authorization relating to the Bond Documents as evidenced by a written certificate furnished to the Corporation and the Trustee containing the specimen signature of such person or persons and signed on behalf of the City by its Mayor and its Comptroller. For the purpose of investing the Bond proceeds or authorizing the investment of amounts held under the Indenture, the authorized City Representative shall be the Treasurer or his designee. Such certificate may designate an alternate or alternates each of whom shall be entitled to perform all duties of the City Representative.

“*Closing Date*” means the date of delivery of and payment for any Series of Bonds. With respect to the Series 2016 Bonds, the Closing Date is June 22, 2016.

“*Code*” means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

“*Collateral*” or “*collateral*” as used in the definition of Permitted Investments means the obligations described in subparagraphs (1) and (2) of the definition of Permitted Investments.

“*Completion Date*” means the date of completion of the Refuse Facility Project or the Municipal Garage Project, as applicable, as such date is certified as provided in Section 5.7 of the Lease and Section 504 of the Indenture.

“*Comptroller*” means the designated representative of the office of the Comptroller, which supervises the fiscal affairs of the City.

“*Comparable Treasury Issue*” means, with respect to the Series 2016B Bonds of a particular maturity, the United States Treasury security selected by the Independent Investment Banker which has an actual maturity comparable to the remaining average life of the Series 2016B Bonds of such maturity to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Series 2016B Bonds of such maturity to be redeemed.

“*Construction Contracts*” means the contracts for the construction of the Refuse Facility Project or the Municipal Garage Project, as applicable, by and between the City and the contractors named therein for the repair, construction, renovation, improvement, equipping, and furnishing of all or any portion of such Refuse Facility Project or the Municipal Garage Project.

“*Construction Costs*” means any construction costs and reasonable and necessary expenses incidental to the acquisition of real and personal property, construction, renovation, equipping, and installing of furnishings and equipment for the Refuse Facility Project or the Municipal Garage Project, or any part thereof and any related municipal facilities which are to be acquired, renovated, or improved with proceeds of Bonds, including, without limitation, any architectural, engineering, legal, financial,

administrative, and accounting services relating thereto, any cost of all machinery, fixtures, and equipment necessary or desirable in connection with the Refuse Facility Project or the Municipal Garage Project, any capitalized interest on the Bonds, any costs as may be necessary or incidental to the Refuse Facility Project or the Municipal Garage Project, and any and all other costs which, in the opinion of Bond Counsel, constitute construction expenditures within the meaning of Section 148(t)(4)(B)(i)(b) of the Code.

“Corporation” means the St. Louis Municipal Finance Corporation, a corporation organized under the Act, and its successors and assigns and any surviving, resulting, or transferee corporation as provided in Section 17.1 of the Lease.

“Corporation Representative” means the President, any Vice President, or any other person or persons at the time designated to act on behalf of the Corporation in matters relating to the Bond Documents as evidenced by a written certificate furnished to the City and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Corporation by its President or any Vice President. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Corporation Representative.

“Cost” or *“Costs”* means all Construction Costs, and all reasonable and necessary expenses of or incidental to the Refuse Facility Project or the Municipal Garage Project, directly or indirectly payable or reimbursable by the Corporation, and costs reasonable and necessary and related to the authorization, sale, and issuance of Bonds with respect to the Refuse Facility Project or the Municipal Garage Project including, but not limited to, printing expenses, rating agency fees, recording and filing fees, legal, organizational, marketing, or other special services, appraisals, loan commitment fees, placement agent’s fees, financial or underwriting fees and expenses, and any other fees and expenses incurred, including the costs of Credit Enhancement, if any, filing and recording fees, initial fees and charges of the Trustee, expenses of feasibility studies, title insurance policies, and all other reasonable, necessary, and incidental expenses incurred or to be incurred by or on behalf of the Corporation, the City, or the Original Purchaser in connection with or incident to the issuance, sale, and delivery of any Series of Bonds.

“Counsel” means an attorney duly admitted to practice law before the highest court of any state and, without limitation, may include legal counsel for either the City or the Corporation.

“Credit Enhancement” means a letter of credit, surety bond, or municipal bond insurance policy or policies, if any, guaranteeing, providing for, or insuring the payment when due of the principal of, and the interest on, one or more Series of Bonds as provided therein, issued by an entity that is rated in one of the two highest rating categories by any rating agency which rates such facility.

“Debt Service Fund” means the Refuse Facility and Municipal Garage Projects Leasehold Revenue Bonds Debt Service Fund created in Section 401 of the Indenture, including accounts therein for the Series 2016 Bonds.

“Debt Service Reserve Fund” means the Refuse Facility and Municipal Garage Projects Leasehold Revenue Bonds Debt Service Reserve Fund created in Section 401 of the Indenture, including an account therein for the Series 2016A Bonds.

“Debt Service Reserve Fund Requirement” means, with respect to the Series 2016A Bonds, the least of (i) the maximum annual debt service on the Series 2016A Bonds Outstanding on the Closing Date, (ii) 10% of the original proceeds of the Series 2016A Bonds, or (iii) 125% of the average annual debt service requirements on the Series 2016A Bonds at the time of the issuance of the Series 2016A

Bonds. With respect to any Additional Bonds the amount, if any, as may be described in the Supplemental Indenture authorizing the issuance of such Additional Bonds.

“Defeasance Obligations” means (a) United States Treasury Obligations, (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described in clauses (a), (b), or (c) above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

“Depository” or *“DTC”* means 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.

“Environmental Laws” means any now-existing or hereafter enacted or promulgated federal, State, local, or other law, statute, ordinance, rule, regulation, or court order pertaining to (i) environmental protection, regulation, contamination, or clean-up, (ii) toxic waste, (iii) underground storage tanks, (iv) asbestos or asbestos-containing materials, or (v) the handling, treatment, storage, use, or disposal of Hazardous Materials, including without limitation the Comprehensive Environmental Response, Compensation and Liability Act and the Resource Conservation and Recovery Act, all as exist from time to time.

“Environmental Notices” means any emergency and hazardous chemical inventory forms given to any federal, State, or local governmental authority or agency as required pursuant to the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C.A. § 11001, et seq., as amended, or any other Environmental Laws.

“Event of Default” means (a) with respect to the Indenture, any Event of Default as defined in Section 801 of the Indenture; (b) with respect to the Lease, any Event of Default as defined in Section 12.1 thereof; and (c) with respect to the Leasehold Deed of Trust, any Event of Default as defined in Section 20 thereof.

“Event of Non-Appropriation” means an Event of Non-Appropriation as provided in Section 11.4 of the Lease.

“Fiscal Year” means the fiscal year now or hereafter adopted by the Corporation and, with respect to the City, its fiscal year currently beginning on July 1 of each calendar year.

“Global Bond Certificates” means one or more bond certificates of the Corporation, each certificate representing the entire principal amount of the Bonds due on a particular Stated Maturity, immobilized from general circulation in the Depository.

“Hazardous Materials” means all (i) “hazardous substances” (as defined in 42 U.S.C. § 9601(14)), (ii) extremely hazardous substances subject to regulation under Title III of the Superfund

Amendments and Reauthorization Act of 1986, as amended from time to time, (iii) hazardous chemicals as defined by the OSHA Hazard Communication Standard, (iv) natural gas, liquids, liquefied natural gas, or synthetic gas, (v) any petroleum, petroleum-based products, or crude oil, or any fraction thereof, or (vi) any other hazardous or toxic substances, hazardous or solid wastes or materials, pollutants, contaminants, or any other substances or materials which are included under or regulated by any Environmental Law.

“Impositions” means those taxes, assessments, and other impositions defined in Article VI of the Lease.

“Indenture” means the Trust Indenture dated as of June 1, 2016, by and between the Corporation and the Trustee, as from time to time further amended and supplemented in accordance with the provisions of ARTICLE X of the Indenture.

“Independent Investment Banker” means one of the Reference Treasury Dealers as designated by the Corporation and consented to by the City.

“Interest Payment Date” means, with respect to the Bonds, April 15 and October 15 of each year, as long as the Bonds remain Outstanding and, (a) with respect to the Series 2016A Bonds, beginning October 15, 2016, (b) with respect to the Series 2016B Bonds, beginning October 15, 2016, and (c) with respect to any Additional Bonds, beginning on the date specified in the Supplemental Indenture authorizing such Additional Bonds.

“Lease” means the Lease Purchase Agreement dated as of the date of the Indenture, as from time to time further supplemented or amended in accordance with Article XIV of the Lease and ARTICLE XI of the Indenture.

“Leased Property” means the Real Property, together with the Personal Property.

“Leasehold Deed of Trust” means the Leasehold Deed of Trust, Security Agreement, and Fixture Filing, dated as of the date of the Indenture, by the Corporation for the benefit of the Trustee and the deed of trust trustee named therein, as from time to time supplemented or amended.

“Maturity” means, with respect to any Bond, the date on which the principal of such Bond becomes due and payable as therein or in the Indenture provided, whether at the Stated Maturity or by declaration, acceleration, or call for redemption or otherwise.

“Mayor” means the designated representative of the office of the Mayor, which is the chief elected official of the City.

“Moody’s” shall mean Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Moody’s shall mean any other nationally recognized securities rating agency designated by the Corporation, with the approval of the City, by notice to the Trustee and the City.

“Municipal Garage Project” means the repair, construction, renovation, improvement, and equipping of a municipal garage located at 1122 Clark Avenue in the City.

“Opinion of Bond Counsel” means a written opinion of any legal counsel acceptable to the Corporation and the City, who shall be nationally recognized as expert in matters pertaining to the

validity of obligations of governmental issuers and the exemption from federal income taxation of interest on such obligations.

“Opinion of Counsel” means a written opinion of any legal counsel acceptable to the Corporation and the Trustee and, to the extent the City is asked to take action in reliance thereon, the City, who may be an employee of or counsel to the Corporation or the City.

“Ordinance” means Ordinance No. 70240 of the City adopted by the Board of Aldermen of the City on March 11, 2016, and signed by the Mayor on March 21, 2016, which ordinance authorizes, among other things, the issuance, sale, and delivery of the Series 2016 Bonds, in accordance with the Indenture and any amendments or supplements to the Indenture, and any other ordinance providing for the issuance of a Series of Bonds under the Indenture.

“Original Purchaser” means PNC Capital Markets LLC, as representative of the underwriters of the Series 2016 Bonds.

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

- (a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancelling;
- (b) Bonds which are deemed paid under Section 1202 of the Indenture;
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Indenture; and
- (d) Bonds held by or for the account of the Corporation, the City, or any person controlling, controlled by, or under common control with the Corporation or the City, for purposes of any consent or other action to be taken by the Holders of a specified percentage of Bonds outstanding under the Indenture, the Base Lease, or the Lease.

“Participants” means those financial institutions for whom the Depository effects book-entry transfers and pledges of securities deposited with the Depository.

“Paying Agent” means the Trustee when acting in such capacity under the Indenture.

“Permitted Encumbrances” means:

- (a) any financing statements relating to the Indenture, the Base Lease, the Lease, or the Leasehold Deed of Trust;
- (b) Impositions which are not then delinquent, or if then delinquent, are being contested in accordance with Section 6.2 of the Lease;
- (c) utility, access, and other easements and rights-of-way, restrictions, and exceptions, including operating agreements or leases, which do not and will not interfere with or impair the operation of the Leased Property (or, if it is not being operated, the operation for which it was designed or last modified);

(d) any mechanic's, laborer's, materialman's, supplier's, or vendor's lien, or rights in respect thereof, if payment is not yet due under the contract in question or if such lien is being contested in accordance with Section 9.2 of the Lease;

(e) such minor defects and irregularities of title as normally exist with respect to properties similar in character to the Leased Property and which the Corporation certifies do not materially adversely affect the value of the Leased Property or impair the Leased Property affected thereby for the purpose for which it was acquired or is held by the Corporation;

(f) zoning laws and similar restrictions which are not violated by the Leased Property;

(g) the Base Lease;

(h) the Lease; and

(i) the Leasehold Deed of Trust.

"Permitted Investments" means

1. (a) United States Treasury Obligations, (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

2. federal Housing Administration debentures.

3. The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

(a) federal Home Loan Mortgage Corporation (FHLMC);

(b) Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts) - senior debt obligations;

(c) Farm Credit Banks (formerly: federal Land Banks, federal Intermediate Credit Banks and Banks for Cooperatives) consolidated system-wide bonds and notes;

(d) federal Home Loan Banks (FHL Banks) consolidated debt obligations;

(e) federal National Mortgage Association (FNMA) senior debt obligations and mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);

(f) Student Loan Marketing Association (SLMA) senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date);

(g) Financing Corporation (FICO) debt obligations; and

(h) Resolution Funding Corporation (REFCORP) debt obligations.

4. Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank the short-term obligations of which are rated at the time of purchase 'A-1' or better by S&P.

5. Deposits the aggregate amount of which are fully insured by the federal Deposit Insurance Corporation (FDIC) in banks which have capital and surplus at the time of purchase of at least \$5 million.

6. Commercial paper (having original maturities of not more than 270 days) rated at the time of purchase 'A-1+' by S&P and 'Prime 1' by Moody's, or better.

7. Money market funds rated at the time of purchase 'AAm' or 'AAm-G' by S&P, or better.

8. "State Obligations," which means:

(a) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated at the time of purchase 'A3' by Moody's and 'A' by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated;

(b) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (a) above and rated at the time of purchase 'A-1+' by S&P and 'MIG-I' by Moody's, or better; and

(c) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency, or subdivision described in (a) above and rated at the time of purchase 'AA' or better by S&P and 'Aa' or better by Moody's.

9. Pre-refunded municipal obligations rated at the time of purchase 'AAA' by S&P and 'Aaa' by Moody's meeting the following requirements:

(a) the municipal obligations are (1) not subject to redemption prior to maturity, or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations (“Verification”);

(d) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(e) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(f) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

10. Repurchase agreements:

With (1) any domestic bank, or domestic branch of a foreign bank, the long-term debt of which is rated at the time of purchase at least ‘A’ by S&P and Moody’s; or (2) any broker-dealer with “retail customers” or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at the time of purchase at least ‘A’ by S&P and Moody’s, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated at the time of purchase ‘A’ or better by S&P and Moody’s, provided that:

(a) The market value of the collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody’s to maintain an ‘A’ rating in an ‘A’ rated structured financing (with a market value approach);

(b) The Trustee or a third party acting solely as agent therefor or for the Corporation (the “Holder of the Collateral”) has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor’s books);

(c) The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(d) All other requirements of S&P in respect of repurchase agreements shall be met; and

(e) The repurchase agreement shall provide that if during its term the provider’s rating by either Moody’s or S&P is withdrawn or suspended or falls below ‘A’ by S&P or ‘A3’ by Moody’s, as appropriate, the provider must, at the direction of the Corporation or the Trustee, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Corporation or the Trustee.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (a) above, so long as

such collateral levels are 103% or better and the provider is rated at the time of purchase at least 'A' by S&P and Moody's, respectively.

11. Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation, the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at the time of purchase at least 'AA' by S&P and 'Aa' by Moody's; provided that, by the terms of the investment agreement:

(a) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the construction fund, construction draws) on the Bonds;

(b) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the Corporation and the Trustee agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(c) the investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks *pari passu* with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(d) the Corporation or the Trustee receives the opinion of domestic counsel and of foreign counsel (if applicable), which opinion shall be addressed to the Corporation and shall state that such investment agreement is legal, valid, binding, and enforceable upon the provider in accordance with its terms in form and substance acceptable the Corporation;

(e) the investment agreement shall provide that if during its term:

(i) the provider's rating by either S&P or Moody's falls below 'AA' or 'Aa3,' respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to a Holder of the Collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an 'A' rating in an 'A' rated structured financing (with a market value approach); or (ii) repay the principal of and accrued, but unpaid interest on the investment; and

(ii) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below 'A-' or 'A3,' respectively, the provider must, at the direction of the Corporation or the Trustee, within 10 days of receipt of such direction, repay the principal of and accrued, but unpaid interest on the investment, in either case with no penalty or premium to the Corporation or the Trustee; and

(f) The investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession); and

(g) the investment agreement must provide that if during its term:

(i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Corporation or the Trustee, be accelerated and amounts invested and accrued, but unpaid interest thereon shall be repaid to the Corporation or the Trustee, as appropriate; and

(ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc., the provider's obligations shall automatically be accelerated and amounts invested and accrued, but unpaid interest thereon shall be repaid to the Corporation or the Trustee, as appropriate.

"Personal Property" means all equipment, furnishings, and other personal property and located within or upon the Real Property.

"Plans and Specifications" means the plans and specifications for the Refuse Facility Project or the Municipal Garage Project, as applicable, any amendments and additions thereto, and any change orders thereto.

"Principal Payment Date" means, with respect to the Bonds, April 15 of each year, as long as the Bonds remain Outstanding and, (a) with respect to the Series 2016A Bonds, beginning April 15, 2022, (b) with respect to the Series 2016B Bonds, beginning April 15, 2017, and (c) with respect to any Additional Bonds, beginning on the date specified in the Supplemental Indenture authorizing such Additional Bonds.

"Project Fund" means the Refuse Facility and Municipal Garage Projects Leasehold Revenue Bonds Project Fund created in Section 401 of the Indenture, including accounts therein for the Series 2016 Bonds.

"Purchase Agreement" means the bond purchase agreement for the purchase of the Series 2016 Bonds among the City, the Corporation, and the Original Purchaser.

"Purchase Price" means the amount, as of a particular date, calculated pursuant to Section 10.2 of the Lease.

"Qualifying Opinion of Counsel" shall mean an Opinion of Counsel satisfactory to the applicable Bondholder, to the effect that:

(a) each payment of interest on the Tax-exempt Bonds is excludable from Bondholder's federal gross income with respect to interest on the Tax-exempt Bonds for the

period from the issuance of the Tax-exempt Bonds or for any lesser period specified in Bondholder's request for Qualifying Opinion of Counsel, or

(b) while the issue is not free from doubt, if a court were presented with the issue such court should hold that each payment of interest on the Tax-exempt Bonds is excludable from Bondholder's federal gross income for the period from the issuance of the Tax-exempt Bonds or for any lesser period specified in Bondholder's request for Qualifying Opinion of Counsel.

"Real Property" means certain real property located at 1214-18 Central Industrial Drive in the City, as further described in Exhibit B to the Base Lease, and the improvements located thereon.

"Rebate Fund" means the Refuse Facility and Municipal Garage Projects Leasehold Revenue Bonds Rebate Fund created in Section 401 of the Indenture.

"Record Date" means, with respect to any Interest Payment Date, the first day (whether or not a Business Day) of the calendar month of any Interest Payment Date.

"Redemption Date" means, when used with respect to any Bond to be redeemed, the date fixed for redemption pursuant to the Indenture.

"Redemption Notice Information" means information in a written and dated notice from the Trustee which (a) identifies the Bonds to be redeemed by the name of the issue (including the name of the issuer and any series designation), CUSIP number, if any, date of issue, interest rate, maturity, and any other descriptive information the Trustee deems desirable to accurately identify the Bonds to be redeemed and, if only a portion of the Bonds will be redeemed, the certificate numbers and the principal amount of the Bonds to be redeemed, (b) identifies the date on which the notice is published and the Redemption Date, (c) states the price at which the Bonds will be redeemed, (d) states that interest on the Bonds or the portions of Bonds called for redemption will stop accruing from the Redemption Date if funds sufficient for their redemption and available for that purpose are on deposit with the Trustee on the Redemption Date, (e) states that payment for the Bonds will be made on the Redemption Date at the principal corporate trust office of the Trustee, or such other office as the Trustee shall designate, during normal business hours upon the surrender of the Bonds to be redeemed in whole or in part, (f) identifies by name and telephone number a representative of the Trustee who may be contacted for additional information, and (g) states whether or not such notice is revocable. Such notice shall either (i) explicitly state that the proposed redemption is conditioned on there being on deposit in the appropriate account or accounts of the Debt Service Fund or an escrow fund on the Redemption Date sufficient money to pay the full price at which the Bonds will be redeemed, or (ii) be sent only if sufficient money to pay the full price at which the Bonds will be redeemed is on deposit in the Debt Service Fund or an escrow fund.

"Reference Treasury Dealer" means each of four firms, as designated by the Corporation and consented to by the City, and their respective successors; provided, however, that if any of them ceases to be a primary U.S. Government securities dealer in the City of New York (a *"Primary Treasury Dealer"*), the Corporation and consented to by the City will substitute another Primary Treasury Dealer.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any redemption date for the Series 2016B Bonds of a particular maturity, the average, as determined by the Independent Investment Banker and communicated to the Corporation and the City, of the bid and asked prices for the applicable Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker and communicated to the Trustee by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third Business Day preceding that redemption date.

“Refunding Bonds” means bonds issued to refund any Series of Bonds or portion thereof then Outstanding.

“Refuse Facility Project” means the acquisition of the Real Property and the construction, renovation, improvement, equipping, and furnishing of a refuse and vehicle maintenance facility located on the Real Property.

“Rentals” or *“Rent”* means those payments required to be made by the City pursuant to Section 4.1 of the Lease.

“Replacement Bonds” means the Bonds authenticated and delivered by the Bond Registrar pursuant to ARTICLE II of the Indenture.

“Resolution” means, with respect to any Series of Bonds, the Resolution adopted by the Board of Directors of the Corporation authorizing, among other things, the issuance, sale, and delivery of such Series of Bonds, and the execution of certain documents related thereto, in accordance with the Indenture. With respect to the Series 2016 Bonds, the Resolution shall mean the resolution adopted by the Board of Directors of the Corporation on June 2, 2016.

“S&P” means Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, *“S&P”* shall mean any other nationally recognized securities rating agency designated by the Corporation, with the approval of the City, by notice to the Trustee and the City.

“Series” means all of the Bonds delivered on original issuances in a simultaneous transaction and identified pursuant to Section 201 or Section 209 of the Indenture, or pursuant to a Supplemental Indenture authorizing the issuance of such Bonds as a separate Series, and any Bonds thereafter delivered in lieu of or in substitution for such Bonds pursuant to the Indenture, regardless of variations in maturity, interest rate, or other provisions. If a Series of Bonds is sold in installments, Series shall mean all of the Bonds of such installment.

“Series 2016 Bonds” means, collectively, the Series 2016A Bonds and the Series 2016B Bonds.

“Series 2016A Bonds” means the Refuse Facility and Municipal Garage Projects Leasehold Revenue Bonds (City of St. Louis, Missouri, Lessee), Series 2016A, issued in the aggregate principal amount of \$5,975,000, authorized by the Indenture.

“Series 2016B Bonds” means the Refuse Facility Project Taxable Leasehold Revenue Bonds (City of St. Louis, Missouri, Lessee), Series 2016B, issued in an aggregate principal amount of \$5,835,000, authorized by the Indenture.

“State” means the State of Missouri.

“Stated Maturity” means, when used with respect to any Bond, the date specified in the Indenture or in any Supplemental Indenture authorizing Additional Bonds as the fixed date on which the principal of such Bond is due and payable.

“Supplemental Base Lease” means any lease supplementing, amending, or restating the Base Lease entered into by the City and the Corporation pursuant to Section 7.3 of the Base Lease and ARTICLE XI of the Indenture.

“Supplemental Indenture” means any indenture supplementing, amending, or restating the Indenture entered into by the Corporation and the Trustee pursuant to ARTICLE X of the Indenture.

“Supplemental Lease” means any lease purchase agreement supplementing, amending, or restating the Lease entered into by the Corporation and the City pursuant to Article XIV of the Lease and ARTICLE XI of the Indenture.

“Tax Compliance Agreement” means any agreement executed by the City, the Corporation, and the Trustee in connection with the issuance of a Series of Tax-exempt Bonds to evidence compliance with the provisions of Sections 141 through 150 of the Code.

“Tax-exempt Bonds” means any Bonds issued pursuant to the Indenture which, in the opinion of Bond Counsel, are exempt from federal income taxation. The term “Tax-exempt Bonds” includes the Series 2016A Bonds.

“Term” or “Lease Term” means the term of the Lease beginning the date of delivery of the Series 2016 Bonds and ending (i) the last day of the then current Fiscal Year of the City during which there occurs an Event of Non-Appropriation with respect to the City; (ii) the date on which there occurs an Event of Default with respect to the City under the Lease if the Corporation or the Trustee elects to terminate the Lease pursuant to the terms thereof; (iii) the date upon which all Rentals and Additional Rentals, as the case may be, required under the Lease shall be paid by the City; or (iv) upon the discharge of the Indenture as provided in the Indenture.

“Treasurer” means the Treasurer of the City.

“Treasury Rate” means, with respect to any redemption date, with respect to the Series 2016B Bonds of a particular maturity, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue with respect thereto, computed as of the second business day immediately preceding that redemption date, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price with respect thereto for that redemption date.

“Trust Estate” means the Trust Estate provided in the Granting Clauses of the Indenture.

“Trustee” means U.S. Bank National Association, St. Louis, Missouri, as trustee under the Indenture and any successors or assigns.

“UCC” means the Uniform Commercial Code as adopted by the State.

“United States Treasury Obligations” means direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America.

“Value” means the value, determined as deemed necessary but not less often than quarterly, of Permitted Investments and/or Defeasance Obligations (together, “investments”) which shall be calculated as follows:

- (a) as to investments, the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times or other national publication selected by the Corporation); the average of the bid and asked prices for such investments so published at or most recently prior to such time of determination;

(b) as to investments, the bid and asked prices of which are not published on a regular basis in The Wall Street Journal (if not there, then in the alternative, The New York Times or other national publication selected by the Corporation): the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(c) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and

(d) as to any investment not specified above the value thereof established by prior agreement between the Corporation and the Trustee.

“*Written Request*” with reference to the Corporation means a request in writing signed by the Corporation Representative and with reference to the City means a request in writing signed by the City Representative, or any other officers designated by the Corporation or the City, as the case may be, to sign such Written Requests.

SUMMARY OF INDENTURE

The following is a summary of certain provisions of the Indenture, pursuant to which the Series 2016 Bonds will be issued. This summary does not purport to be complete or comprehensive, and is qualified in its entirety by reference to the Indenture.

Trust Estate. In order to secure the payment of the principal of and redemption premium, if any, and interest on the Bonds according to their tenor and effect, and to secure the performance and observance by the Corporation of the covenants, agreements, and conditions in the Indenture and in the Bonds contained, does, subject to the Lease, grant, bargain, and sell, mortgage, warrant, convey, and confirm and pledge, assign, and grant a security interest in all and singularly the following property (said property being in the Indenture referred to as the “*Trust Estate*”) unto the Trustee and its successors-in-trust and its assigns, for the benefit of the Bondholders:

1. All leases of the Trust Estate, including any Sublease (as defined in the Lease), or portions thereof, now or hereafter entered into and all right, title, and interest of the Corporation thereunder.

2. All right, title, and interest of the Corporation (including the right to enforce any of the terms thereof) in, to, and under:

(a) the Base Lease,

(b) the Lease and all Rentals and Additional Rentals (as defined below) and certain other revenues, moneys, and receipts pursuant to the Lease or otherwise available to secure the Bonds, except the amounts provided in clauses (f), (h), and (i) of Section 4.2 of the Lease and the Corporation’s rights to indemnification under the Lease,

(c) the Leasehold Deed of Trust;

(d) all financing statements or other instruments or documents evidencing, securing, or otherwise relating to the Lease, and

(e) any and all real and personal property, including, but not limited to, equipment acquired in connection with the Leased Property pursuant to the Base Lease and the Lease, subject to subsection (b) in the Indenture.

3. All moneys and securities from time to time held by the Trustee under the Indenture, excluding moneys on deposit in the Rebate Fund (as defined below) and any and all other real or personal property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned, or transferred as and for additional security under the Indenture by the Corporation or by anyone on its behalf, or with its written consent, to the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture.

Nature of Obligations. The Bonds and the interest thereon shall be special obligations of the Corporation payable solely out of the Rentals, Additional Rentals, and certain other revenues, moneys, and receipts derived by the Corporation pursuant to the Lease, and are secured by a pledge and assignment of the Trust Estate to the Trustee in favor of the Bondholders, as provided in the Indenture. No incorporator, member, agent, employee, director, or officer of the Corporation or the City shall at any time or under any circumstances be individually or personally liable under the Indenture or the Lease for anything done or omitted to be done by the Corporation under the Indenture. The Bonds and the interest thereon shall not be a debt of the City, the State, or any instrumentality thereof, and none of the City, the State, or any instrumentality thereof shall be liable thereon, and the Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The Bonds are further secured by a mortgage of the Corporation's leasehold interest in the Leased Property pursuant to the Leasehold Deed of Trust for the benefit of the Bondholders.

Additional Bonds. So long as no Event of Default has occurred and is continuing or any other event which, with the passage of time or otherwise, would become an Event of Default under the Indenture or the Lease (unless such Additional Bonds are Refunding Bonds or are being issued to cure such event), Additional Bonds may be issued under and equally and ratably secured by the Indenture on a parity with the Series 2016 Bonds and any other Outstanding Bonds at any time and from time to time upon compliance with the conditions provided in the Indenture, for the following purposes:

(i) to pay all or any part of the cost of the acquisition, purchase, construction, installation, or equipping of additions to or expansions of or remodeling or modification or rehabilitation of the Leased Property or the Municipal Garage Project, such cost to be evidenced by a certificate signed by a City Representative and a Corporation Representative;

(ii) to provide funds for refunding all or any part of the Bonds then Outstanding of any Series, including the payment of any redemption premium thereon and interest to accrue to the designated Redemption Date and any expenses in connection with such refunding; or

(iii) for any other purpose permitted by the Act.

Creation of Funds and Accounts. There are ratified or created and ordered to be established in the custody of the Trustee:

(a) the Refuse Facility and Municipal Garage Projects Leasehold Revenue Bonds Debt Service Fund, including separate and distinct accounts to be designated the "Series 2016A Debt Service Account" and the "Series 2016B Debt Service Account" (the "*Debt Service Fund*");

(b) the Refuse Facility and Municipal Garage Projects Leasehold Revenue Bonds Debt Service Reserve Fund, including a separate and distinct account to be designated the “Series 2016A Debt Service Reserve Account” (the “*Debt Service Reserve Fund*”);

(c) the Refuse Facility and Municipal Garage Projects Leasehold Revenue Bonds Project Fund, including separate and distinct accounts to be designated the “Series 2016A Refuse Facility Project Account,” “Series 2016A Municipal Garage Project Account,” the “Series 2016B Refuse Facility Project Account,” the “Series 2016A Costs of Issuance Account,” and the “Series 2016B Costs of Issuance Account” (the “*Project Fund*”); and

(d) the Refuse Facility and Municipal Garage Projects Leasehold Revenue Bonds Rebate Fund (the “*Rebate Fund*”).

Application of Proceeds of Series 2016 Bonds.

Series 2016A Bonds. The proceeds of the sale of the Series 2016A Bonds shall be deposited or delivered on the Closing Date as follows:

(i) the sum of \$722,199.40 from the proceeds of the Series 2016A Bonds shall be deposited into the Series 2016A Debt Service Reserve Account;

(ii) the sum of \$4,830,000.00 from the proceeds of the Series 2016A Bonds shall be deposited into the Series 2016A Refuse Facility Project Account;

(iii) the sum of \$1,500,000.00 from the proceeds of the Series 2016A Bonds shall be deposited into the Series 2016A Municipal Garage Project Account; and

(iv) the sum of \$117,135.85 from the proceeds of the Series 2016A Bonds shall be deposited into the Series 2016A Costs of Issuance Account.

Series 2016B Bonds. The proceeds of the sale of the Series 2016B Bonds shall be deposited or delivered on the Closing Date as follows:

(i) the sum of \$5,670,000.00 from the proceeds of the Series 2016B Bonds shall be deposited into the Series 2016B Refuse Facility Project Account; and

(ii) the sum of \$116,302.13 from the proceeds of the Series 2016B Bonds shall be deposited into the Series 2016B Costs of Issuance Account.

The Trustee shall maintain separate accounts for funds and securities attributable to each Series of Bonds in the funds established with the Trustee for any Series of Bonds so that calculations required by the Tax Compliance Agreement for each Series of Bonds can be made separately for such Series. Any transfer of funds or securities or earnings thereon from one fund or account to another shall be made to the appropriate fund or account for the same Series of Bonds to which such funds or securities are attributed. If, at any time, a payment is made to any such fund that is less than the amount due and payable to such fund, the amount paid shall be credited pro rata to each separate account within such fund, based on the amount owed to each such account.

Application of Funds with Respect to the Debt Service Fund. The Trustee shall deposit into the Series 2016A Debt Service Account: (a) all amounts to be deposited in the Debt Service Fund pursuant to Section 4.1 and Section 4.2 of the Lease corresponding to the payments of principal of,

redemption premium, if any, and interest on the Series 2016A Bonds; (b) all interest and other income derived from investments of funds on deposit in the Series 2016A Debt Service Account; and (c) all other moneys received by the Trustee which the Trustee is directed in writing to deposit in the Series 2016A Debt Service Account.

The Trustee shall deposit into the Series 2016B Debt Service Account: (a) all amounts to be deposited in the Debt Service Fund pursuant to Section 4.1 and Section 4.2 of the Lease corresponding to the payments of principal of, redemption premium, if any, and interest on the Series 2016B Bonds; (b) all interest and other income derived from investments of funds on deposit in the Series 2016B Debt Service Account; and (c) all other moneys received by the Trustee which the Trustee is directed in writing to deposit in the Series 2016B Debt Service Account.

Except as provided in Section 506, Section 507, and Section 809 of the Indenture, and except as may be provided in the Indenture with respect to using moneys in the various accounts of the Debt Service Fund to purchase certain series of Bonds in the open market, moneys in the Debt Service Fund shall be expended solely for the payment of the principal of, and redemption premium, if any, and interest on, the applicable series of Bonds as the same mature and become due or upon the redemption thereof prior to maturity.

The Corporation authorizes and directs the Trustee to withdraw (to the extent available and not inconsistent with any other written directions of payment received from the Corporation) sufficient funds from the Debt Service Fund to pay the principal of, and redemption premium, if any, and interest on the Bonds as the same become due and payable and to make said funds so withdrawn available to the Trustee and any Paying Agent for the purpose of paying such principal, redemption premium, if any, and interest.

Whenever the amount in the Debt Service Fund from any source whatsoever is sufficient to redeem all of the Bonds Outstanding and pay interest to accrue thereon prior to such redemption, the Corporation, upon the direction and instruction of the City, shall take and cause to be taken the necessary steps to redeem all such Bonds on the next succeeding Redemption Date for which the required redemption notice may be given or on such later Redemption Date as may be specified by the City. Any moneys in the Debt Service Fund may be used to redeem a portion of the Bonds Outstanding so long as the City is not in default with respect to any payments under the Lease and to the extent said moneys exceed the amount required (i) for payment of Bonds theretofore matured or called for redemption, and (ii) for payment of any past due interest remaining unpaid.

Application of Funds with Respect to Debt Service Reserve Fund. Except as in the Indenture otherwise provided, funds on deposit in the various accounts of the Debt Service Reserve Fund shall be used and applied by the Trustee solely to prevent a default in the event that moneys on deposit in such accounts of the Debt Service Reserve Fund are insufficient to pay the principal of and interest on any Series of Bonds as the same become due. The Trustee may disburse and expend moneys from the Debt Service Reserve Fund whether or not the amount therein equals the Debt Service Reserve Fund Requirement. Moneys on deposit in any account of the Debt Service Reserve Fund may be used to pay the applicable series of Bonds called for redemption or to purchase such Bonds in the open market prior to their Stated Maturity, provided all such Bonds at the time Outstanding are called for redemption or purchased and sufficient funds are available therefor. Moneys on deposit in any account of the Debt Service Reserve Fund shall be used to pay and retire the applicable series of Bonds last becoming due, unless such Bonds and all interest thereon are otherwise paid.

So long as the sum on deposit in the Debt Service Reserve Fund shall aggregate an amount equal to the Debt Service Reserve Fund Requirement, no further deposits to said Debt Service Reserve Fund shall be required.

So long as the sum on deposit in the Debt Service Reserve Fund shall aggregate an amount equal to the Debt Service Reserve Fund Requirement, investment earnings on funds on deposit in the Debt Service Reserve Fund shall be deposited into the Debt Service Fund. If, however, the sum on deposit in the Debt Service Reserve Fund shall be less than the Debt Service Reserve Fund Requirement, investment earnings on funds in the Debt Service Reserve Fund shall remain therein and be applied to reducing such deficiency.

Permitted Investments in the Debt Service Reserve Fund shall be evaluated by the Trustee quarterly on January 15, April 15, July 15, and October 15 of each year and the amount on deposit therein determined accordingly. In the event that on any such date of evaluation the amount on deposit in the Debt Service Reserve Fund shall aggregate an amount less than the Debt Service Reserve Fund Requirement (by reason of such evaluation and not by reason of any withdrawal) the City shall make up such deficiency as Additional Rentals no later than the next evaluation date.

The Trustee shall value investments made pursuant to the Indenture quarterly at the market value thereof, exclusive of accrued interest. After payment in full of the principal of, premium, if any, and interest on the Bonds (or provision has been made for the payment thereof as specified in the Indenture), and the fees, charges, and expenses of the Trustee and any Paying Agent and any other amounts required to be paid under the Indenture, all amounts remaining in the Debt Service Reserve Fund shall be paid to the City.

Notwithstanding the foregoing, the Debt Service Reserve Fund Requirement may be satisfied by any of the following in lieu of or as partial substitution for cash: a debt service reserve insurance policy, letter of credit, line of credit guaranty, or surety bond or any similar credit or liquidity facility, or any combination thereof which facility shall be a Permitted Investment. In the case of the utilization of any cash substitute as provided in the Indenture, any moneys remaining in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement shall be transferred to the Debt Service Fund.

Disbursements from the Project Fund.

Moneys on deposit in the Series 2016A Refuse Facility Project Account and the Series 2016B Refuse Facility Project Account shall be paid out from time to time by the Trustee upon Written Requests of the Corporation Representative and the City Representative in amounts equal to the amounts of Construction Costs of the Refuse Facility Project. The Corporation promptly shall take all necessary and appropriate action in approving and ordering all such disbursements. The Trustee is authorized and directed to issue checks for each disbursement in the manner and as described in this subsection.

Upon the date upon which the Trustee receives a certificate of the City Representative required by the provisions of Section 5.7 of the Lease setting out the Completion Date for the Refuse Facility Project (and if such date is not a Business Day, the next succeeding Business Day) the Trustee shall file a final statement of receipts and disbursements with respect thereto with the Corporation and with the City and shall transfer any moneys remaining in the Series 2016A Refuse Facility Project Account and the Series 2016B Refuse Facility Project Account to the Series 2016A Debt Service Account of the Debt Service Fund, to be used to pay the principal of and interest on the Series 2016A Bonds as the same become due and payable.

Moneys on deposit in the Series 2016A Municipal Garage Project Account shall be paid out from time to time by the Trustee upon Written Requests of the Corporation Representative and the City Representative in amounts equal to the amounts of Construction Costs of the Municipal Garage Project. The Corporation promptly shall take all necessary and appropriate action in approving and ordering all

such disbursements. The Trustee is authorized and directed to issue checks for each disbursement in the manner and as described in this subsection.

Upon the date upon which the Trustee receives a certificate of the City Representative required by the provisions of Section 5.7 of the Lease setting out the Completion Date for the Municipal Garage Project (and if such date is not a Business Day, the next succeeding Business Day) the Trustee shall file a final statement of receipts and disbursements with respect thereto with the Corporation and with the City and shall transfer any moneys remaining in the Series 2016A Municipal Garage Project Account to the Series 2016A Debt Service Account of the Debt Service Fund, to be used to pay the principal of and interest on the Series 2016A Bonds as the same become due and payable.

Moneys on deposit in the Series 2016A Costs of Issuance Account and the Series 2016B Costs of Issuance Account shall be paid out from time to time by the Trustee upon Written Requests of the Corporation Representative and the City Representative in an amount equal to the amount of Costs for the Series 2016A Bonds certified in such Written Requests. The Corporation promptly shall take all necessary and appropriate action in approving and ordering all such disbursements. The Trustee is authorized and directed to issue checks for each disbursement in the manner and as described in this subsection.

Upon the earlier of (i) the date (and if such date is not a Business Day, the next succeeding Business Day) upon which the Trustee is advised in writing by the Corporation Representative that all such Costs for the Series 2016A Bonds have been paid, or (ii) the date (and if such date is not a Business Day, the next succeeding Business Day) which is six months from the Closing Date for the Series 2016A Bonds, the Trustee shall transfer any moneys remaining in the Series 2016A Costs of Issuance Account to the Series 2016A Debt Service Account of the Debt Service Fund and any moneys remaining in the Series 2016B Costs of Issuance Account to the Series 2016B Debt Service Account of the Debt Service Fund, to be used to pay the principal of and interest on the Series 2016A Bonds or the Series 2016B Bonds, respectively, as the same become due and payable.

The Trustee shall keep and maintain accurate records pertaining to the Project Fund and the accounts therein and all disbursements therefrom. In making payments pursuant to the Indenture, the Trustee may rely upon such written requests and certifications and shall not be required to make any independent inspection or investigation in connection therewith. The Trustee shall be fully protected in relying on the Written Requests it receives and has no duty or obligation to confirm that such requested disbursements are being made from the correct account or are used for their intended purpose.

Application of Funds with Respect to Rebate Fund. In accordance with the Tax Compliance Agreement, the Corporation has covenanted to calculate and pay directly to the United States of America all amounts due for payment of “arbitrage rebate” under Section 148(f) of the Code with respect to the Tax-exempt Bonds. Accordingly, no amounts shall be deposited in the Rebate Fund on the Closing Date, provided, however, that the Corporation may in the future deposit with the Trustee or direct the Trustee in writing to deposit in the Rebate Fund amounts held in any fund or account under the Indenture for the Tax-exempt Bonds (which direction shall specify the procedures for collection and payment of amounts due in respect of arbitrage rebate). The Rebate Fund is a trust fund, but amounts therein do not constitute part of the Trust Estate. Amounts on deposit in the Rebate Fund may be used solely to make payments to the United States of America under Section 148(t) of the Code and to pay costs related to the calculation of the amounts due. Any amounts remaining in the Rebate Fund upon satisfaction of all rebate obligations payable to the United States of America shall be transferred to the City.

Payments Made on Business Days. In any case where the Maturity of, principal of, or redemption premium, if any, or interest on, any Bonds shall be a date which is not a Business Day, then

the payment of principal, redemption premium, if any, or interest need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on such date of Maturity, and no interest shall accrue for the period after such date.

Nonpresentment of Bonds. In the event any Bond shall not be presented for payment when the principal therein becomes due, either upon its Stated Maturity, Redemption Date, or otherwise, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the Corporation to the Bondholder thereof for the payment of such Bond shall forthwith cease, determine, and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the Holder of such Bond who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on its part under the Indenture or on, or with respect to, said Bond. If any such Bond shall not be presented for payment within four years following the date when such Bond becomes due, whether upon its Stated Maturity, Redemption Date, or otherwise, the Trustee shall without liability for interest thereon repay to the City the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the Bondholder thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Repayment to the City. After payment in full of the principal of and redemption premium, if any, and interest on, the Bonds (or after provision has been made for the payment thereof as provided in the Indenture), and the fees, charges, and expenses of the Corporation, the Trustee, and the Paying Agent, and any other amounts required to be paid under the Indenture and the Lease, all amounts remaining in any fund created under the Indenture shall be paid to the City upon the expiration or sooner termination of the Lease.

Moneys to be Held in Trust. Except as otherwise specifically provided in the Indenture, all moneys deposited with or paid to the Trustee pursuant to the provisions of the Indenture, and all moneys deposited with or paid to any Paying Agent under the Indenture, shall be held by the Trustee or Paying Agent in trust and shall be applied only in accordance with the Indenture and the Lease, and, until used or applied as in the Indenture provided, shall constitute part of the Trust Estate and be subject to the lien of the Indenture. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received under the Indenture except as otherwise provided in the Indenture.

Investment of Moneys. Moneys held in the Project Fund, the Debt Service Fund, the Debt Service Reserve Fund, and the Rebate Fund created under the Indenture shall, pursuant to written direction of the City, signed by the Treasurer or its designee, and in accordance with any Tax Compliance Agreements, be invested and reinvested by the Trustee in Permitted Investments which mature or are subject to redemption by the holder prior to the date such funds will be needed. In the absence of such direction, the Trustee is authorized to invest moneys in Permitted Investments of the type described in subparagraph (7) of the definition thereof and in accordance with the standing instruction provided to the Trustee on the Closing Date (the "Standing Instruction"). The Trustee is specifically authorized to implement its automated cash investment system to assure that cash on hand is invested and to charge its normal cash management fees and cash sweep account fees, which may be deducted from income earned on investments. The Trustee may conclusively rely upon the City's written directions as to both the suitability and legality of the directed investments. The Trustee shall be entitled to rely upon any written investment direction provided to it by the Treasurer or its designee or the Standing Instruction as a certification to the Trustee that such investments constitute Permitted Investments and are in compliance with the Tax Compliance Agreement. Unless otherwise provided in the Indenture, any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of

the fund or account in which such moneys are originally held, and the interest accruing thereon and any profit realized from such Permitted Investments shall be credited to such fund or account or as otherwise provided by a Supplemental Indenture, and any loss resulting from such Permitted Investments shall be charged to such fund or account. The Trustee shall sell and reduce to cash a sufficient amount of such Permitted Investments whenever the cash balance in such fund or account is insufficient for the purposes of such fund or account.

Payment of Principal, Redemption Premium, if any, and Interest. Pursuant to Section 4.1 and Section 4.2 of the Lease, the Corporation will deposit or cause to be deposited sufficient sums from Rentals and other revenues, moneys, and receipts derived by the Corporation pursuant to the Lease or other tenancies promptly to meet and pay the principal of, redemption premium, if any, and interest on, the Bonds as the same become due and payable at the place, on the dates and in the manner provided in the Indenture and in the Bonds according to the true intent and meaning thereof.

Enforcement of Rights Under the Lease. The Corporation shall enforce all of the rights and all of the obligations of the City under the Lease to the extent necessary to preserve the property leased thereunder in good order and repair, and to protect the rights of the Trustee and the Bondholders under the Indenture with respect to the pledge and assignment of the Trust Estate. The Trustee, as assignee of the Lease and the holder of the Indenture, in its name or in the name of the Corporation, may enforce all rights of the Corporation and all obligations of the City under and pursuant to the Lease for and on behalf of the Bondholders, whether or not the Corporation is in default under the Indenture.

Damage, Destruction, and Condemnation. If the Leased Property is destroyed or damaged by fire or other casualty, or if title to or temporary use of the Leased Property or the interest of the City or of the Corporation therein shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm, or corporation acting under governmental authority, the City shall cause the net proceeds of any insurance (including proceeds from the City's self-insurance program) or condemnation award to be applied as provided in **Section 11.1** of the Lease.

Events of Default. If any one or more of the following events occur, it is defined as and declared to be and to constitute an "Event of Default:"

- (a) Default by the Corporation in the due and punctual payment of any interest on any Bond;
- (b) Default by the Corporation in the due and punctual payment of the principal of or redemption premium, if any, on any Bond, whether at the Stated Maturity or other Maturity thereof, or upon proceedings for redemption thereof;
- (c) Default in the performance or observance of any other of the covenants, agreements, or conditions on the part of the Corporation contained in the Indenture or in the Bonds or in any other document or instrument that secures or otherwise relates to the debt and obligations secured, and the continuance thereof for a period of thirty (30) days after written notice given to the Corporation and the City by the Trustee, or to the Trustee, the City, and the Corporation by the Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding; provided, however, if the failure stated in the notice cannot be corrected within said 30-day period, the Trustee may consent in writing to a 90-day extension of such time prior to its expiration, and the Trustee will not unreasonably withhold its consent to such an extension if corrective action is instituted by the Corporation or the City within the 30-day period and diligently pursued to completion and if such consent, in its judgment, does not materially adversely affect the interests of the Bondholders. Upon receipt of notice of any Event of Default as described in this subsection (c), the City shall have the rights described in the Indenture; or

(d) An Event of Default under Section 12.1 of the Lease or under Section 20 of the Leasehold Deed of Trust.

Notice of any Event of Default shall be given to the Corporation and the City by the Trustee within thirty (30) days of the Trustee's knowledge thereof pursuant to Section 901(h) and the City, upon receipt of such notice, shall have the rights specified in Section 814 of the Indenture.

Acceleration of Maturity in Event of Default. If an Event of Default shall have occurred and be continuing, the Trustee may, and upon the written request of the Holders of not less than 51% in aggregate principal amount of Bonds then Outstanding, shall, by notice in writing delivered to the Corporation and the City, declare the principal of all Bonds then Outstanding and the interest accrued thereof immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

Surrender of Possession of Trust Estate; Rights and Duties of Trustee in Possession. Pursuant to Section 3.2 of the Lease, the City is required to give notice to the Corporation, with a copy to the Trustee as early as practicable in each Fiscal Year and in any case no later than three (3) Business Days following the date on which the budget for the next succeeding Fiscal Year is finally approved by the Board of Alderman of the City of either (i) the termination of the Lease or (ii) the budgeting and appropriation of sufficient funds to make all payments of Rentals during the next succeeding Fiscal Year. Notice that sufficient funds have been appropriated for the next succeeding Fiscal Year shall be accompanied by evidence satisfactory to the Corporation that sufficient funds have been budgeted and appropriated to make all payments of Rentals for the Fiscal Year to which such notice pertains and to make such payments of Additional Rentals as shall be required for such Fiscal Year by the terms of the Lease. If the Trustee does not receive such notice by the last day of any Fiscal Year, the Trustee shall request that the City confirm in writing the fact that appropriation has been made. If notice of termination has been duly given pursuant to the Lease, all of the City's right, title, interest, and obligations under the Lease shall terminate without penalty on the last day of the then current Fiscal Year for which Rentals and Additional Rentals have been paid. Pursuant to the Lease, failure of the City to budget and appropriate prior to June 30 (or such other date as the City shall adopt as the end of its Fiscal Year) of each year funds in the minimum amount equal to the Rentals and a reasonable estimate of Additional Rentals for the following Fiscal Year, shall constitute an Event of Non-Appropriation.

Upon the occurrence and continuance of any Event of Non-Appropriation, the Corporation shall give notice to the City to vacate the Leased Property immediately (but in no event earlier than the expiration of the then current Fiscal Year for which the City has paid or appropriated monies sufficient to pay all Rentals and Additional Rentals due for such Fiscal Year) and the Corporation shall without any further demand or notice to the City, (i) terminate the Lease, reenter the Leased Property, and eject all parties in possession therefrom, and use its best efforts to sublease the Leased Property, or (ii) take any action at law or in equity deemed necessary or desirable to enforce its rights with respect to the Leased Property, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all or any part of the Trust Estate, together with the books, papers, and accounts of the Corporation pertaining thereto, and including the rights and the position of the Corporation under the Lease and to collect, receive, and sequester the Rentals and other revenues, moneys, and receipts derived under the Lease, and out of the same and any moneys received from any receiver of any part thereof pay, and set up proper reserves for the payment of all proper costs and expenses of so taking, holding, and managing the same, including (i) reasonable compensation to the Trustee, its agents and counsel, and (ii) any charges or expenses of the Trustee and its agents and counsel under the Indenture, and the Trustee shall apply the remainder of the moneys so received in accordance with Section 809. The collection of such Rentals, Additional Rentals, revenues, and other receipts, or the application thereof as aforesaid, shall not cure or waive any default or notice of default under the Indenture or invalidate any act done in

response to such default or pursuant to notice of default. Whenever all that is due upon the Bonds shall have been paid and all defaults cured, the Trustee shall surrender possession of the Trust Estate to the Corporation, its successors or assigns, the same rights, however, to exist upon any subsequent Event of Default.

Appointment of Receivers in Event of Default. If an Event of Default shall have occurred and be continuing, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee or of the Bondholders under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the earnings, income, products, and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Exercise of Remedies by the Trustee. Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or equity by suit, action, mandamus, or other proceeding to enforce the payment of the principal of and interest on the Bonds then Outstanding, and enforce and compel the performance of the duties and obligations of the Corporation as in the Indenture set forth or to enforce or realize upon any of the rights, powers, liens, or interests granted to the Trustee. Upon the occurrence of an Event of Default, the Trustee may exercise any of the rights and remedies of a secured party under the UCC or other applicable laws and require the Corporation to assemble any collateral covered by the Indenture and make it available to the Trustee at a place to be designated by the Trustee which is reasonably convenient to both parties.

Exercise of Rights and Powers. If an Event of Default shall have occurred and be continuing, and if requested so to do by the Holders of 25% in aggregate principal amount of Bonds then Outstanding and indemnified as provided in subsection (l) of Section 901, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

All rights of action under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Bondholder, and any recovery or judgment shall, subject to Section 809 of the Indenture, be for the equal benefit of all the Registered Owners of the Outstanding Bonds.

Limitation on Exercise of Remedies by Bondholders. No Bondholder shall have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust under the Indenture or for the appointment of a receiver or any other remedy under the Indenture unless:

- (a) a default has occurred of which the Trustee has been notified or is deemed to have notice, as provided in subsection (h) of Section 901 of the Indenture;
- (b) such default shall have become an Event of Default;
- (c) the Holders of 25% in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee, shall have offered it reasonable opportunity either to proceed to exercise the powers in the Indenture granted or to institute such action, suit, or proceeding in its own name, and shall have provided to the Trustee indemnity as provided in subsection (l) of Section 901 of the Indenture; and

(d) the Trustee shall thereafter fail or refuse to exercise the powers in the Indenture granted or to institute such action, suit, or proceeding in its own name;

and such notification, request, and provision of indemnity are declared in every case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy under the Indenture, it being understood and intended that no one or more Bondholders other than the Original Purchaser (as long as the Original Purchaser is the sole Holder of the Bonds) shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his, or their action, or to enforce any right under the Indenture except in the manner in the Indenture provided, and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner in the Indenture provided and for the equal benefit of the Registered Owners of all Bonds then Outstanding. Nothing in the Indenture contained shall, however, affect or impair the right of any Bondholder to payment of the principal of, and redemption premium, if any, and interest on any Bond at and after its Maturity or the obligation of the Corporation to pay the principal of, and redemption premium, if any, and interest on, each of the Bonds to the respective Registered Owner thereof at the time, place, from the source, and in the manner in the Indenture and in such Bond expressed.

Right of Bondholders to Direct Proceedings. Anything in the Indenture to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of Bonds then Outstanding, shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method, and place of conducting all proceedings to be taken in connection with the enforcement of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture, and, provided, further, that the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the proceedings directed would involve it in personal liability.

Application of Moneys in Event of Default. Upon an Event of Default, all moneys received by the Trustee pursuant to the Lease or pursuant to any right given or action taken under the Indenture, shall, after payment of the (i) cost and expenses of the proceedings resulting in the collection of such moneys, and (ii) fees, expenses, liabilities, and advances incurred or made by the Trustee, be deposited in the Debt Service Fund and any other fund created for the payment of Bonds and all moneys so deposited in the Debt Service Fund or such other fund shall be applied as follows:

If the principal of all the Bonds shall not have become due or shall not have been declared due and payable, all such moneys shall be applied:

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

Second -- To the payment to the persons entitled thereto of the unpaid principal of and redemption premium, if any, on any of the Bonds which shall have become due and payable (other than Bonds called for redemption for the payment of which moneys are held pursuant to the Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they became due and payable, and, if the amount available shall not be sufficient to pay in full all Bonds due on any particular date, together with such interest, then to

the payment ratably, according to the amount of principal and redemption premium, if any, due on such date, to the persons entitled thereto without any discrimination or privilege.

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

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

Second -- To the payment to the persons entitled thereto of unpaid principal of and redemption premium, if any, then due and unpaid on all of the Bonds, without preference or priority of principal or premium of any Bond over principal or premium of any other Bond, ratably, according to the amounts due respectively for principal and redemption premium, if any, to the persons entitled thereto, without any discrimination or privilege.

If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the Indenture then, subject the Indenture, in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the Indenture.

Whenever moneys are to be applied as described in this Section, such moneys shall be applied at such times and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available and which may become available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all of the Bonds and interest thereon have been paid as described in this Section and all expenses and charges of the Trustee have been paid, any balance remaining in the Debt Service Fund or the Debt Service Reserve Fund shall be paid to the City as provided in Section 508 of the Indenture.

Remedies Cumulative. No remedy conferred by the Indenture upon or reserved to the Trustee or to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondholders under the Indenture or now or hereafter existing at law or in equity or by statute.

Delay or Omission Not Waiver. No delay or omission to exercise any right, power, or remedy accruing upon any Event of Default shall impair any such right, power, or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every such right, power, or remedy may be exercised from time to time and as often as may be deemed expedient.

Effect of Discontinuance of Proceedings. In case the Trustee shall have proceeded to enforce any right under the Indenture by the appointment of a receiver, by entry, or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Corporation, the City, the Trustee, and the Bondholders shall

be restored to their former positions and rights under the Indenture, and all rights, remedies, and powers of the Trustee shall continue as if no such proceedings had been taken.

Waivers of Events of Default. The Trustee may, and shall upon the written request of the Registered Owners of at least a majority in aggregate principal amount of all Bonds then Outstanding, waive any Event of Default and its consequences and rescind any declaration of maturity of principal; provided, however, that there shall not be waived without the consent of the Registered Owners of all the Bonds Outstanding (a) any Event of Default in the payment of the principal of any Outstanding Bonds at their Stated Maturity, or (b) any Event of Default in the payment when due of the interest on any such Bonds unless, prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds or overdue installments of interest in respect of which such default shall have occurred, or all arrears of payments of principal when due, as the case may be, and all expenses of the Trustee in connection with such default or Event of Default shall have been paid or provided for. In case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default or Event of Default shall have been discontinued, abandoned, or determined adversely, then and in every such case the Corporation, the City, the Trustee, and the Bondholders shall be restored to their former positions, rights, and obligations under the Indenture, respectively, but no such waiver or rescission shall extend to any subsequent or other default or Event of Default, or impair any right consequent thereon.

Opportunity of City to Purchase Corporation's Interest in Event of Default and to Cure Defaults.

Upon receipt of notice by the City and the Corporation of an Event of Default pursuant to subsection (a) or (b) of Section 801 of the Indenture, the Corporation has, pursuant to Section 10.1(b) of the Lease, granted the City an option to purchase the Corporation's interest in the Leased Property.

Upon receipt of notice by the City and the Corporation of an Event of Default pursuant to subsection (c) of Section 801 of the Indenture, the Corporation grants the City full authority, on account of the Corporation, to perform any covenant, agreement, or obligation, the nonperformance of which is alleged in said notice to constitute a default, in the name and stead of the Corporation, with full power to do any and all things and acts to the same extent that the Corporation could do and perform any such things and acts in order to remedy such default.

Appointment of Successor Trustee. In case the Trustee shall resign or be removed, or shall otherwise become incapable of acting under the Indenture, or in case it shall be taken under the control of any public officer or officers or of a receiver appointed by a court, a successor Trustee may be appointed by the Holders of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing; provided that notwithstanding any other provision of the Indenture, no removal, resignation, or termination of the Trustee shall take effect until a successor, approved by the City and the Corporation, shall be so appointed and provided further that, in case of such vacancy, the Corporation, by an instrument executed and signed by its President or any Vice President and attested by its Secretary or any Assistant Secretary under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders in the manner above provided. Any such temporary Trustee so appointed by the Corporation shall immediately and without further acts be superseded by the successor Trustee so appointed by such Bondholders.

Every such Trustee appointed pursuant to the Indenture shall be a trust company or bank in good standing and qualified to accept such trusts, subject to examination by a federal or state regulatory authority and having a reported capital and surplus and undivided profits of not less than \$75,000,000 or any corporation or association resulting from any merger, conversion, sale, consolidation, or transfer to

which it is a party, shall be and become successor Trustee under the Indenture and shall be vested with all the trusts, powers, rights, obligations, duties, remedies, immunities, and privileges under the Indenture as was its predecessor, without the execution or filing of any instrument or any further act on the part of any of the parties to the Indenture. If a successor Trustee or temporary trustee has not been appointed within thirty (30) days after the notice required by Section 906 or Section 907 is given the Trustee, the City or the Corporation may petition a court of competent jurisdiction for the appointment of a successor trustee.

Trust Estate May Be Vested in Co-Trustee. It is a purpose of the Indenture that there shall be no violation of any law of any jurisdiction (including particularly the State) denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under the Indenture or the Lease, and in particular in case of the enforcement of the Indenture or thereof on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights, or remedies in the Indenture granted to the Trustee, or take any other action which may be desirable or necessary in connection therewith, it may be necessary or desirable that the Trustee appoint an additional individual or institution as a co-trustee or separate trustee, and the Trustee is authorized to appoint such co-trustee or separate trustee with the consent of the Corporation and the City.

Accounting. No later than May 1 of each year commencing May 1, 2017, the Trustee shall provide an annual accounting for the prior calendar year to the Corporation, and at such Bondholder's expense to any Bondholder requesting the same, which records shall show in reasonable detail all financial transactions relating to the Trust Estate and the balance in any funds created by the Indenture as of the beginning and close of each accounting period.

Supplemental Indentures Not Requiring Consent of Bondholders. The Trustee and the Corporation, with the approval of the City if so required by Section 1003, may from time to time, without the consent of or notice to any of the Bondholders, enter into such Supplemental Indenture or Supplemental Indentures as shall not adversely affect the interests of the Bondholders, for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in the Indenture or to correct or supplement any provision in the Indenture which may be inconsistent with any other provision in the Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or any of them;
- (c) To subject to the Indenture additional revenues, properties, or collateral;
- (d) To issue Additional Bonds as provided in Section 209;
- (e) To make any other change which in the determination of the Trustee does not materially adversely affect the rights of the Bondholders; in making such determination the Corporation shall, at its expense or the expense of the City, provide the Trustee with an Opinion of Counsel; and
- (f) To evidence the appointment of a separate trustee or a co-trustee or the succession of a new Trustee.

Supplemental Indentures Requiring Consent of Bondholders. Exclusive of Supplemental Indentures covered by Section 1001, and subject to Section 1003, the Holders of not less than a majority

in aggregate principal amount of Bonds at the time Outstanding shall have the right, from time to time, to consent to and approve the execution by the Corporation and the Trustee of such other Supplemental Indenture or Supplemental Indentures as shall be deemed necessary and desirable by the Corporation and the City for the purpose of modifying, amending, adding to, or rescinding any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, that, the consent of all the Holders of Bonds then Outstanding shall be required for (a) an extension of the maturity of the principal of or the interest on any Bond, or (b) a reduction in the principal amount of any Bond or the rate of interest thereon, or (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the aggregate principal amount of Bonds, the Holders of which are required to consent to any such Supplemental Indenture.

If at any time the Corporation shall request, with the consent of the City, the Trustee to enter into any such Supplemental Indenture for any of the purposes described in this Section, the Trustee shall cause notice of the proposed execution of such Supplemental Indenture to be mailed to each Bondholder at its address as shown by the Bond Register pursuant to Section 1304. Such notice shall be prepared by the Corporation and shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file for inspection by all Bondholders at the principal corporate trust office of the Trustee or such other office as the Trustee shall designate. If within 60 days or such longer period as shall be prescribed by the Corporation following the mailing of such notice, the Holders of not less than the requisite aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof and in the Indenture provided, no Holder of any Bond shall have any right to object to any of the terms and provisions contained therein, of the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee of the Corporation from executing the same or from taking any action pursuant to the provisions thereof.

Supplemental Leases and Supplemental Base Leases Not Requiring Consent of Bondholders. The Corporation and the Trustee shall, without the consent of or notice to the Bondholders, consent to the execution of any Supplemental Lease and any Supplemental Base Lease, as may be required (a) by the Lease, the Base Lease, or the Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission, (c) in connection with the issuance of Additional Bonds, or (d) in connection with any other change therein which, in the determination of the Trustee, does not materially adversely affect the interests of the Trustee or the Bondholders; in making such determination the Corporation shall, at its expense or the expense of the City, provide the Trustee with an Opinion of Counsel.

Supplemental Leases and Supplemental Base Leases Requiring Consent of Bondholders. Except for Supplemental Leases and Supplemental Base Leases as provided for in Section 1101, neither the Corporation nor the Trustee shall consent to the execution of any Supplemental Lease or any Supplemental Base Lease without the mailing of notice and the obtaining of the written approval or consent of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, given and obtained as provided in Section 1002; provided, that, the consent of all the Holders of Bonds shall be required for (a) the creation of any lien ranking superior to or on a parity with the lien of the Indenture, unless otherwise permitted, or (b) a reduction in the aggregate principal amount of Bonds, the Holders of which are required to consent to any Supplemental Lease or any Supplemental Base Lease. If at any time the Corporation and the City shall request the consent of the Trustee to any such proposed Supplemental Lease or any Supplemental Base Lease, the Trustee shall cause notice of such proposed Supplemental Lease or Supplemental Base Lease to be mailed in the same manner as provided by Section 1002 with respect to Supplemental Indentures. Such notice shall be prepared by the Corporation, shall briefly set forth the nature of such proposed Supplemental Base Lease or Supplemental

Lease, and shall state that copies of the same are on file for inspection by all Bondholders at the principal corporate trust office of the Trustee or such other office as the Trustee shall designate.

Satisfaction and Discharge of the Indenture. When all Bonds are deemed to be paid as provided in Section 1202, and provision shall also be made for paying all other sums payable under the Indenture, including the fees, charges, and expenses of the Trustee and the Paying Agent to the date of retirement of the Bonds, then the right, title, and interest of the Trustee in respect of the Indenture shall thereupon cease, terminate, and be void, and thereupon the Trustee shall cancel, discharge, and release the lien of the Indenture and shall execute, acknowledge, and deliver to the Corporation such instruments of satisfaction and discharge or release as shall be requisite to evidence such release and the satisfaction and discharge of the lien of the Indenture, and shall assign and deliver to the Corporation any property and revenues at the time subject to the Indenture that may then be in its possession, except amounts in the Rebate Fund required to be held therein pursuant to any Tax Compliance Agreement, amounts required to be paid to the City under Section 508, and funds, or any securities in which such funds are invested by the Trustee for the payment of the principal of, and redemption premium, if any, and interest on, the Bonds.

Bonds Deemed to be Paid. Bonds shall be deemed to be paid within the meaning of the Indenture when payment of the principal of and the applicable redemption premium, if any, on such Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in the Indenture, or otherwise), either (a) shall have been made or caused to be made in accordance with the terms thereof, or (b) shall have been provided for by depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (i) moneys sufficient to make such payment, or (ii) Defeasance Obligations maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, provided, however, with respect to any deposit described in this clause (b), the Trustee shall have received (1) a verification report of a nationally recognized independent certified public accounting firm selected by the Corporation as to the adequacy of the escrow to fully pay the Bonds deemed to be paid; (2) an escrow deposit agreement (which shall be acceptable in form and substance and delivered at least five (5) Business Days prior to the funding of the escrow); and (3) an Opinion of Bond Counsel to the effect that the Bonds are no longer "Outstanding" under the Indenture. At such time as a Bond shall be deemed to be paid under the Indenture, as aforesaid, it shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or Defeasance Obligations.

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

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

- (a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of an officer in any jurisdiction who by law has power to take

acknowledgments within such jurisdiction that the person signing such instrument acknowledged before him the execution thereof, or by affidavit of any witness to such execution.

(b) The fact of ownership of Bonds and the amount or amounts, numbers, and other identification of such Bonds, and the date of holding the same shall be proved by the Bond Register. Any action taken by the Trustee pursuant to the Indenture upon the request or authority or consent of any person who, at the time of making such request or giving such authority or consent is the Holder of any Bond, shall be conclusive and binding upon all future Holders of the same Bond and upon Bonds issued in exchange therefor or upon transfer or in place thereof.

Waiver of Personal Liability; Limit on Corporation's Liability. All liabilities under the Indenture on the part of the Corporation are solely corporate liabilities of the Corporation, and, to the extent permitted by law, the Trustee releases each and every incorporator, member, agent, employee, director, and officer of the Corporation and of the City of and from any personal or individual liability under the Indenture. No incorporator, member, agent, employee, director, or officer of the Corporation or of the City shall at any time or under any circumstances be individually or personally liable under the Indenture for anything done or om to be done by the Corporation under the Indenture.

The Corporation's monetary liability under the terms of the Indenture shall be limited to amounts available to it under the Lease.

SUMMARY OF BASE LEASE

The following is a summary of certain provisions of the Base Lease. This summary does not purport to be complete or comprehensive, and is qualified in its entirety by reference to the Base Lease.

Lease of Leased Property. The City demises and leases to the Corporation, and the Corporation leases from the City, the Leased Property, subject to Permitted Encumbrances, upon the terms and conditions provided in the Base Lease, for a term commencing as of the Closing Date and ending twenty (20) years beyond the final maturity date of the Bonds (the "*Base Lease Term*"); provided, however, that if the Bonds have been paid in full at maturity or defeased pursuant to Article XII of the Indenture and the City has not been required to surrender possession of the Leased Property due to an Event of Non-Appropriation or an Event of Default under the Lease, the Base Lease will terminate upon such payment in full or defeasance.

Pursuant to the Lease, the City agrees, on behalf of the Corporation, to acquire the Real Property and to construct, renovate, improve, equip, and furnish the Refuse Facility Project and the Municipal Garage Project. Each party to the Base Lease shall, upon request of the other party or the Trustee, execute such documents and take such actions as shall be deemed necessary by such other party or the Trustee to further evidence or confirm the lease of the Leased Property under the Base Lease.

Sublease of the Leased Property. Simultaneously with the delivery of the Base Lease, the Corporation is leasing the Leased Property to the City pursuant to the Lease, but subject to the Indenture and the reservation of certain rights under the Base Lease. Upon acquisition of any other land, improvements, or equipment as described above from the City, the Corporation will likewise lease such land, improvements, or equipment to the City pursuant to the Lease, subject to the Indenture.

Assignment, Subleases, and Mortgages. The Corporation shall not mortgage or otherwise assign its rights under the Base Lease or sublet the Leased Property without the prior written consent of the City except in connection with any assignment of its rights as expressly provided for under the Lease. Notwithstanding the foregoing, the Corporation, simultaneously with the delivery of the Base Lease, shall

execute a Leasehold Deed of Trust, Security Agreement, and Fixture Filing conveying its rights under the Base Lease to the deed of trust trustee named therein for the benefit of the Trustee.

Rent and Other Considerations. As and for rental under the Base Lease (the “*Base Lease Rent*”) and in consideration of the leasing of the Leased Property to the Corporation under the Base Lease, and in order to provide funds for purposes set forth in the Recitals of the Lease, the Corporation shall:

- (a) Simultaneously with the delivery of the Base Lease, enter into the Lease;
- (b) Issue, sell, and cause to be delivered to the purchasers thereof the Bonds in one or more Series in the principal amount, bearing interest, maturing, and having the other details as set forth in the Indenture and any Supplemental Indenture; and
- (c) Deposit the proceeds of the sale of each Series of Bonds as provided in the Indenture and any Supplemental Indenture.

Termination. The Base Lease shall terminate as specified in Section 3.1 of the Lease; provided, however, in the event the City pays all Rentals and Additional Rentals provided for in Article IV of the Lease and exercises thereafter the option to purchase the Corporation’s interest in the remaining Base Lease Term under the Base Lease as provided in Article X of the Lease, then the Base Lease shall be considered assigned to the City and terminated through merger of the leasehold interest with the fee interest in the Real Property, if the City is the owner of the fee interest and elects to terminate the leasehold interest so acquired from the Corporation. The Corporation agrees, upon such assignment and termination of the Base Lease Term, to quit and surrender the Leased Property as it then exists.

If an Event of Default under the Lease occurs for any reason, or if the City terminates the Lease and fails to purchase the Corporation’s interest in the Leased Property as provided in Article X of the Lease, the Corporation shall have the right to possession thereof for the remainder of the Base Lease Term and shall have the right to sublease the same or sell its interest therein and in the Base Lease upon whatever terms and conditions it deems prudent; provided, that the Leased Property shall always be operated for a lawful purpose. In such event, if the City so requests, the Corporation shall provide the City with adequate public liability insurance covering the Leased Property for the remainder of the Base Lease Term and will furnish the City with evidence thereof. In the event that the Corporation shall receive a payment for the sale of its interest or total rental payments for subleasing that are, after the payment of the Corporation’s expenses in connection therewith, including fees and expenses of the Trustee, in excess of the purchase price applicable under Section 10.2 of the Lease at the time of termination or default plus interest thereon at the interest rate per annum borne by the Bonds (which must be an amount sufficient to pay the principal of and all interest on the Bonds, or to provide for the payment thereof as provided in Article XII of the Indenture, with amounts so received to be credited first to such interest and then to principal), then such excess shall be paid to the City by the Corporation, its assigns, or its sublessee.

Default by the Corporation. The City shall not have the right to exclude the Corporation from the Leased Property or to take possession thereof (except pursuant to the Lease) or to terminate the Base Lease prior to the termination of the Base Lease Term upon any default by the Corporation under the Base Lease; except that if, upon exercise of the option to purchase the Corporation’s interest in the Leased Property under the Lease granted to the City in Article X of the Lease and after the payment of the purchase price specified therein and the other sums payable under the Lease, the Corporation fails to convey its interest therein to the City pursuant to said option, then the City shall have the right to terminate the Base Lease, such termination to be effective thirty (30) days after delivery of written notice

of such termination to the Corporation. However, in the event of any default by the Corporation under the Base Lease, the City may maintain an action, if permitted in equity, for specific performance.

SUMMARY OF LEASE

The following is a summary of certain provisions of the Lease. This summary does not purport to be complete or comprehensive, and is qualified in its entirety by reference to the Lease.

Conveyance; Granting of Leasehold.

Simultaneously with the issuance of the Series 2016 Bonds, the City and the Corporation will enter into the Base Lease. The Corporation will deposit or apply the proceeds of the Series 2016 Bonds, in accordance with the Indenture. The Series 2016 Bond proceeds shall be utilized as provided in the Indenture.

The Corporation rents, leases, and sublets the Leased Property, subject to Permitted Encumbrances, unto the City, and the City rents, leases, and sublets from the Corporation the Leased Property, subject to Permitted Encumbrances, for the Rentals and Additional Rentals and subject to the terms and conditions hereinafter set forth.

The Corporation does lease and demise any additional property acquired by the City and leased to the Corporation pursuant to the Base Lease, subject to Permitted Encumbrances, to the City upon the terms and conditions in the Lease provided. Upon acquisition by the Corporation of a leasehold interest in any property related to or a part of the Leased Property not now owned by the City, the same shall become a part of the Leased Property leased under the Lease, together with all improvements in respect of any property hereafter acquired, constructed, equipped, or installed by the City, and shall be subject to all the terms, covenants, conditions, and provisions in the Lease contained, without further action on the part of either party.

Term of Lease; Termination; Annual Appropriation Required. The Term of the Lease shall commence as of the Closing Date of the Series 2016 Bonds, and shall terminate on the earliest of the occurrence of any of the following events: (i) the last day of the then current Fiscal Year of the City during which there occurs an Event of Non-Appropriation with respect to the City; (ii) the date upon which there occurs an Event of Default by the City under the Lease if the Corporation or the Trustee elects such remedy pursuant to Section 12.2 of the Lease; (iii) the date upon which all Rentals and Additional Rentals, as the case may be, required under the Lease shall be paid by the City; or (iv) discharge of the Indenture as provided in Article XII of the Indenture. The expiration or termination of the Term of the Lease as to the City's right of possession of the Leased Property shall terminate the City's rights of use of the Leased Property; provided, however, that the City's rights under ARTICLE X of the Lease shall not terminate until the lien of the Indenture is discharged, as provided in the Indenture. The termination or expiration of the Term of the Lease, of itself, shall not discharge the lien of the Indenture.

Subject to the following two paragraphs, the payment obligations of the City under the Lease shall be absolute and unconditional, free of deductions, and without any abatement, offset, recoupment, diminution, or set-off whatsoever and shall be sufficient to provide all funds required for debt service on the Bonds and all other amounts required under the Indenture.

Nothing in the Lease shall be construed to require the Board of Aldermen to appropriate any money to pay any Rentals or Additional Rentals (except as heretofore appropriated). If the City fails to pay any portion of the Rentals or Additional Rentals which are due under the Lease, the City, upon the request of the Trustee or the Corporation, will immediately quit and vacate the Leased Property, and the

Rentals and Additional Rentals (except for payments which have been theretofore appropriated and then available for such purpose) shall thereupon cease, it being understood between the parties and the Trustee that the City shall not be obligated to pay any Rentals or Additional Rentals to the Corporation under the Lease except as provided in the Lease. Should the City fail to pay any portion of the required Rentals and Additional Rentals, the Trustee in accordance with the Indenture may immediately bring legal action to evict the City from the Leased Property. No judgment may be entered against the City for failure to pay any Rentals or Additional Rentals, except to the extent that the City has theretofore incurred liability to pay such Rentals or Additional Rentals through its actual use and occupancy of the Leased Property.

The Rentals and Additional Rentals constitute current expenses of the City and the City's obligations under the Lease are from year to year only and do not constitute a mandatory payment obligation of the City in any ensuing Fiscal Year beyond the current Fiscal Year. No provision of the Lease shall be construed or interpreted as creating a general obligation or other indebtedness of the City or any agency or instrumentality of the City within the meaning of any constitutional or statutory debt limitation. Neither the execution, delivery, and performance of the Lease nor the issuance of the Bonds directly, indirectly, or contingently obligates the City to make any payments under the Lease beyond those appropriated for the City's then current Fiscal Year; provided, however, that nothing in the Lease shall be construed to limit the rights of the Bondholders or the Trustee to receive any amounts which may be realized from the Trust Estate pursuant to the Indenture.

The City covenants and agrees that the City's Budget Director, or any other officer at any time charged with responsibility of formulating budget proposals, is directed to include in the budget proposals submitted to the Board of Estimate and Apportionment, and to the extent permitted by law, to the Board of Aldermen of the City, in any year during the Lease Term, a request or requests for the Rentals and a reasonable estimate of Additional Rentals. Requests for appropriations shall be made in each Fiscal Year so that the Rentals and a reasonable estimate of Additional Rentals to be paid during the succeeding Fiscal Year will be available for such purposes. It is the intention of the City that the decision to appropriate the Rentals and Additional Rentals pursuant to the Lease shall be made solely by the Board of Aldermen and not by any other official of the City except subject to the power of the Mayor of the City to approve or disapprove ordinances. The City presently expects to appropriate, in each Fiscal Year of the City during the Lease Term, funds for the City to provide financing in an amount sufficient to pay principal of, redemption premium, if any, and interest, on the Bonds and all Additional Rentals. The Rentals and reasonably estimated Additional Rentals will be available for such Fiscal Year to be drawn upon to make payments pursuant to the terms of the Lease (i) upon such appropriation, or (ii) upon failure to appropriate by June 30 (or such future date as the City shall adopt as at the end of its Fiscal Year) pursuant to Section 11.4(b) of the Lease.

The City shall give written notice to the Corporation with copies to the Trustee as early as practicable in each Fiscal Year and in any case no later than three (3) Business Days following the date on which the budget for the next succeeding Fiscal Year is finally approved by the Board of Aldermen of the City of either (i) the termination of the Lease or (ii) the budgeting and appropriation of sufficient funds to make all payments of Rentals and estimated Additional Rentals for such Fiscal Year. Notice that sufficient funds have been appropriated for the next succeeding Fiscal Year shall be accompanied by evidence satisfactory to the Corporation that sufficient funds have been budgeted and appropriated to make all payments of Rentals for the Fiscal Year to which such notice pertains and to make such payments of Additional Rentals as shall be required for such Fiscal Year by the terms of the Lease. If the Trustee does not receive such notice prior to the last day of any Fiscal Year, the Trustee shall request that the City confirm in writing the fact that such appropriation has been made. If notice of termination has been duly given, all of the City's right, title, interest, and obligations under the Lease shall terminate without penalty on the last day of the then current Fiscal Year for which Rentals and Additional Rentals have been paid. Subject to Section 11.4 of the Lease, failure of the City to budget and appropriate prior to

June 30 (or such other date as the City shall adopt as the end of its Fiscal Year) of each year funds in the minimum amount equal to the Rentals and a reasonable estimate of Additional Rentals for the following Fiscal Year, shall constitute an Event of Non-Appropriation.

The City intends, subject to the provisions above with respect to the failure of the City to budget or appropriate funds to pay Rentals and a reasonable estimate of Additional Rentals, to continue the Lease Term and to pay the Rentals and Additional Rentals under the Lease. The City reasonably believes that legally available funds in an amount sufficient to pay all Rentals and Additional Rentals during the Lease Term can be obtained and, in addition to using its bonafide best efforts to accomplish the same, shall exhaust all available administrative reviews and appeals, if any, in the event such portion of the budget request is not approved. Notwithstanding the foregoing, the decision to budget and appropriate funds or to continue the Lease Term is to be made in accordance with the City's normal procedures for such decisions.

Rentals. The City, subject to the provisions of Section 3.2 of the Lease, agrees to pay or cause to be paid the amounts required by the Lease as follows:

Until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with Article XII of the Indenture, the City shall pay to the Trustee, as assignee of the Corporation, in funds which will be immediately available to the Trustee not less than five (5) Business Days before the date any payment is due, as Rentals in respect of the Leased Property, amounts which shall correspond to the payments in respect of the principal of, premium, if any, and interest on the Bonds, including interest payable pursuant to Section 204 of the Indenture, whenever and in whatever manner the same shall become due, whether at Stated Maturity, upon redemption or acceleration or otherwise (said amounts being in the Lease defined as "*Rentals*").

The City covenants and agrees that it will pay Rentals at such times and in such amounts as to assure that no default in the payment of principal of, premium, if any, or interest on the Bonds shall at any time occur. If the balance in the Debt Service Fund (not subject to the lien of the Trustee under Section 902 of the Indenture) is less than the sum then required to be on deposit therein in order to pay the principal of, premium, if any, and interest then payable on the Bonds in accordance with the provisions of the Lease, the City will forthwith pay as Rentals any such deficiency to the Trustee for deposit in the Debt Service Fund in immediately available funds and the Trustee shall deposit such sum accordingly; provided that any amount at any time held by the Trustee in the Debt Service Fund (not subject to the lien of the Trustee under Section 902 of the Indenture) for the payment of the principal of, premium, if any, and interest on the Bonds shall, at the election of the City, be credited against the Rentals next required to be paid by the City, to the extent such amount is in excess of the amount required for payment of (i) any Bonds theretofore matured or called for redemption, plus (ii) past due interest, in all cases where such Bonds or interest checks have not been presented for payment; and provided, further, that if the amount held by the Trustee in the Debt Service Fund (not subject to the lien of the Trustee under Section 902 of the Indenture) shall be sufficient to pay at the times required the principal of, premium, if any, and interest on all of the Bonds then remaining unpaid, the City shall not be obligated to pay Rentals.

The City covenants and agrees to make the Rentals to the Trustee at its principal corporate trust office or such other office as the Trustee shall designate for the account of the Corporation during the Lease Term on or before 11:00 A.M., Trustee's local time, in the appropriate amount and on the dates described in this Section and in the Indenture. All Rentals shall be deposited by the Trustee in accordance with the provisions of the Lease and of the Indenture and shall be used and applied by the Trustee in the manner and for the purpose set forth in the Indenture.

Additional Rentals. The City shall pay or cause to be paid, subject to the provisions of Section 3.2 of the Lease, as Additional Rentals:

- (a) to the Trustee amounts equal to the amounts to be paid to the Trustee pursuant to Section 902 of the Indenture;
- (b) all Impositions (as defined in ARTICLE VI of the Lease);
- (c) all amounts required under Section 15.1 of the Lease;
- (d) to the Trustee all fees and costs incident to the payment of the principal of and interest on the Bonds as the same become due and payable, including all fees, costs, premiums, and expenses in connection with the call, redemption, and payment of all Outstanding Bonds which amounts shall be deposited in the Debt Service Fund;
- (e) to the Trustee the payments, if any, which the City shall be required under the Lease to deposit into the Debt Service Reserve Fund pursuant to the procedure set forth in the Section 502 of the Indenture;
- (f) to the Trustee or the Corporation, as applicable, all reasonable expenses and advances incurred or made in connection with the enforcement of any rights under the Lease or the Indenture by the Corporation or the Trustee and any reasonable expenses incurred by the Corporation or the Trustee to enable it to comply with the provisions of the Bond Documents;
- (g) all reasonable fees and expenses of a credit provider, if any, for the provision of any Credit Enhancement including any reimbursements and any amounts owing under any credit agreement;
- (h) all reasonable and necessary fees and expenses due the Corporation incurred in connection with the Bonds or the establishment and maintenance of the Corporation's status as a State nonprofit corporation;
- (i) all amounts required to be rebated to the United States of America as provided in the Indenture; and
- (j) any and all additional amounts owed by the City in connection with the Lease.

Rentals and Additional Rentals, Payable without Abatement or Set-Off; City Obligations, Assignments of Rentals, and Certain Additional Rentals. Subject to the provisions of Section 3.2 of the Lease, the City covenants and agrees with and for the express benefit of the Corporation and the Holders of all Bonds from time to time Outstanding that all payments of Rentals and Additional Rentals shall be made by the City on or before the date the same become due, and the City shall perform all of its other obligations, covenants, and agreements under the Lease (including the obligation to pay Rentals and Additional Rentals) without notice or demand, and without abatement, offset, deduction, set-off, counterclaim, recoupment, or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising, and shall be sufficient to provide all funds required for debt service on the Bonds and for all other amounts required under the Indenture.

Nothing in the Lease shall be construed as a waiver by the City of any rights or claims the City may have against the Corporation under the Lease or otherwise, but any recovery upon such rights and claims shall be had from the Corporation separately, it being the intent of the Lease that the City shall be unconditionally and absolutely obligated to perform fully all of its obligations, agreements, and covenants

under the Lease (including the obligation to pay Rentals and Additional Rentals), subject to the provisions of Section 3.2 of the Lease. The City may, however, at its own cost and expense and in its own name or in the name of the Corporation, prosecute or defend any action or proceeding or take any other action involving third persons which the City deems reasonably necessary in order to secure or protect its right of possession, occupancy, and use under the Lease, and in such event the Corporation agrees to cooperate fully with the City and to take all action necessary to effect the substitution of the City for the Corporation in any such action or proceeding if the City shall so request.

The obligation of the City to pay Rentals and Additional Rentals is subject to the provisions of Section 3.2 of the Lease and does not constitute a general obligation or indebtedness of the City for which the City is obligated to levy or pledge any form of taxation, or for which the City has levied or pledged any form of taxation and shall not be construed to be a debt of the City for any purpose whatsoever or in contravention of any applicable constitutional, statutory, or charter limitation or requirement, but in each Fiscal Year shall be payable solely from the amounts, if any, appropriated therefor out of the income and revenue provided for such year, plus any unencumbered balances from previous years.

Construction of the Refuse Facility Project and the Municipal Garage Project. The City shall acquire, construct, renovate, equip, furnish, and improve the Refuse Facility Project and the Municipal Garage Project in accordance with the Plans and Specifications. The City agrees that the aforesaid acquisitions, construction, renovations, equipping, furnishing, and installation, will, with such changes and additions as may be made under the Lease, result in improvements suitable for use by the City. The City will cause the aforesaid acquisitions, construction, renovations, equipping, furnishing, and installation, to be made in accordance with the Construction Contracts and such Plans and Specifications.

Payment for Construction Costs. All Construction Costs of the Refuse Facility Project and the Municipal Garage Project to be paid for out of the proceeds of the Series 2016 Bonds shall be paid by the Trustee from the appropriate accounts of the Project Fund and the Corporation and the City authorize and direct the Trustee to make such disbursements from such accounts upon receipt by the Trustee of certificates signed by the appropriate City Representative and the Corporation Representative in the form of the certificate attached to the Indenture as Exhibit B. The sole obligation of the Corporation described in this paragraph shall be to cause the Trustee to make such disbursements upon receipt of such certificates. The Trustee may conclusively rely on any such certificate and shall not be required to make any investigation in connection therewith.

Payment for Furnishings and Equipment. The parties agree that certain furnishings and equipment will be necessary in the acquisitions, construction, renovations, equipping, furnishing, and installation of the Refuse Facility Project and the Municipal Garage Project, and the City agrees to purchase the same, and the Corporation and the City authorize and direct the Trustee to pay for, such items of furnishings and equipment (and any installation costs thereof) with respect to the Refuse Facility Project and the Municipal Garage Project solely from the appropriate accounts of the Project Fund, upon receipt by the Trustee of a certificate signed by the City Representative and the Corporation Representative in the form of the certificate attached to the Indenture as Exhibit B. The sole obligation of the Corporation as described in this Section shall be to cause the Trustee to make such disbursements upon receipt of said certificates. The Trustee may conclusively rely on any such certificate and shall not be required to make any investigation in connection therewith.

Payment of Other Costs of the Refuse Facility Project and the Municipal Garage Project. The Corporation agrees to pay for, and the Corporation and the City authorize and direct the Trustee to pay for, but solely from the appropriate accounts of the Project Fund, all other Costs of the Refuse Facility Project and the Municipal Garage Project upon receipt by the Trustee of a certificate signed by an appropriate City Representative and the Corporation Representative in the form of the certificate attached

to the Indenture as Exhibit B. The sole obligation of the Corporation as described in this paragraph shall be to cause the Trustee to make such disbursements upon receipt of said certificates. The Trustee may conclusively rely on any such certificate and shall not be required to make any investigation in connection therewith.

Deficiency of the Project Fund. In the event the aggregate amount of Costs of the Refuse Facility Project and the Municipal Garage Project exceeds the sum of the amount of funds in the appropriate accounts of the Project Fund plus other moneys contributed by the City and available for construction of the Refuse Facility Project and the Municipal Garage Project, the Refuse Facility Project and the Municipal Garage Project shall be modified by the City pursuant to the provisions of the Lease to include only those components which can be completed with the aforesaid amounts; provided, that, if the appropriate accounts of the Project Fund shall be insufficient to pay all Costs of the Refuse Facility Project and the Municipal Garage Project and to complete the Refuse Facility Project and the Municipal Garage Project, as they may be modified, free of liens, the City shall pay, but only from legally available funds, in cash, subject to the provisions of Section 3.2 of the Lease and as Additional Rentals under Section 4.2 of the Lease, the full amount of any such deficiency by making payments therefor directly to the supplier of materials and services as the same shall become due, and the City shall hold the Corporation harmless from any obligation to pay such deficiency; provided that the City's obligation to pay such deficiency shall be limited to its current budgeted appropriations for the Refuse Facility Project and the Municipal Garage Project and the City shall have no obligation to appropriate additional funds therefor.

Establishment of Completion Dates. The Completion Dates for the Refuse Facility Project and the Municipal Garage Project shall be evidenced to the Trustee by a certificate signed by the City Representative setting forth the applicable Completion Date and stating that, except for amounts retained by the Trustee at the direction of the City Representative to pay any Costs of the Refuse Facility Project and the Municipal Garage Project not then due and payable, (i) the acquisition, construction, renovation, equipping, furnishing, and improvement of the Refuse Facility Project or the Municipal Garage Project, as appropriate, have been completed substantially in accordance with the Plans and Specifications and all labor, services, materials, and supplies used in such acquisition, construction, renovation, equipping, furnishing, and improvement have been paid for, and (ii) all other facilities necessary in connection with the Refuse Facility Project or the Municipal Garage Project, as appropriate, have been acquired, constructed, renovated, equipped, furnished, and improved in accordance with the Plans and Specifications therefore, and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being.

Impositions. The City shall, subject to the provisions of Section 3.2 of the Lease, during the Lease Term, bear, pay, and discharge, before the delinquency thereof, as Additional Rentals, all taxes and assessments, general and special, if any, which may be lawfully taxed, charged, levied, assessed, or imposed upon or against or be payable for or in respect of the Leased Property, or any part thereof, or the Corporation's or the City's interest therein, or the income therefrom or Rentals and other amounts payable under the Lease, including any new taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied, or assessed in lieu of or in addition to taxes or assessments now customarily levied against real or personal property, and further including all water and sewer charges, assessments, and other general governmental charges and impositions whatsoever, foreseen or unforeseen, which if not paid when due would impair the security of the Bonds encumbering the City's title to the Leased Property, or any part thereof (all of the foregoing being in the Lease referred to as "*Impositions*").

Liability Insurance; Indemnification. The City shall, under the City's customary insurance practices (which may include self-insurance subject to availability of appropriation therefor) or otherwise, take such measures as may be necessary to insure against liability for injuries to or disability or death of any person or damage to or loss of property arising out of or in any way relating to the condition or the operation of the Leased Property or any part thereof during the Lease Term. The net proceeds of all such self-insurance or other insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds may be paid. It is understood that this insurance covers any and all liability of the City and its officers, employees, and agents. The City agrees to indemnify the Corporation and the Trustee for any loss, damage, or expense incurred, paid, or suffered by them as a result of any suit or claim of a nature covered by such insurance, to the full extent permitted by State law.

Property Insurance. The City shall, under the City's customary insurance practices (which may include self-insurance subject to availability of appropriation therefor) or otherwise insure the Leased Property in an amount at least equal to the aggregate principal amount of Bonds Outstanding against loss included in all risk insurance policies then in use in the State, including earthquake coverage, if the Leased Property is in an earthquake zone. Any such insurance may be subject to reasonable deductibles.

Any self-insurance program shall be established and maintained in accordance with the City's customary insurance practices. Unless the City shall self-insure the Leased Property to the extent permitted in the Lease, the City shall furnish annually to the Corporation and the Trustee on or before January 15 of each year a certification of a City Representative stating that all such insurance required under the Lease is in force and effect. Upon request, the City shall provide the Trustee and the Corporation with evidencing evidence of compliance with the provisions of the Lease.

All insurance policies shall name the Corporation as its assignee as an insured or loss payee. Insurance proceeds shall be payable to the City and the Corporation as their interests appear. No insurance policy may be cancelled or modified absent prior written notification of at least 30 days to the Corporation.

The net proceeds of any such insurance, whether from the City's self-insurance program or otherwise, shall be applied as provided in ARTICLE XI of the Lease.

Title Insurance. Concurrently with the issuance of the Series 2016 Bonds, the City shall obtain an owner's policy of title insurance insuring the City's fee interest in the Leased Property and a leasehold loan policy of title insurance insuring the Trustee's interest in the Leased Property pursuant to the grant of the Trust Estate.

Assignment, Subleasing, and Licensing by the City. The City shall not mortgage or otherwise assign its rights under the Lease or sublet the Leased Property without the prior written consent of the Corporation. However, the Leased Property may be subleased by the City, in whole or in part, without such consent, subject, however, to each of the following conditions:

(a) The Lease and the obligation of the City to pay Rentals and Additional Rentals under the Lease and to perform all of the terms, covenants, and conditions of the Lease and of any other security document to which it shall be a party shall remain obligations of the City and any assignee or transferee or sublessee of the City shall have assumed in writing and have agreed to keep and perform all of the terms of the Lease on the part of the City to be kept and performed and shall be jointly and severally liable with the City for the performance thereof except for the payment of Rentals and Additional Rentals which shall remain the sole, non-assignable obligation of the City, and shall be subject to service of process in the State, and, if a corporation, shall be qualified to do business in the State, and in the opinion of Counsel, such assignment or transfer or sublease shall not legally impair in any respect the obligations

of the City for the payment of all Rentals nor for the full performance of all of the terms, covenants, and conditions of the Lease or of any other security document to which the City is a party, nor impair or limit in any respect the obligations of any obligor under any other security documents. A copy of such assumption agreement and opinion of Counsel shall be delivered to the Corporation and the Trustee upon execution of such sublease.

(b) The City shall within ten (10) days after the delivery thereof, furnish or cause to be furnished to the Corporation, and the Trustee, a true and complete copy of such sublease.

(c) No sublease by the City shall cause the Leased Property or any portion thereof being subleased for a purpose other than a governmental or proprietary function authorized under the provisions of the constitution and laws of the State and the Charter of the City.

(d) So long as any Bonds are Outstanding, before entering into any sublease, the City shall obtain and file with the Trustee and the Corporation an Opinion of Bond Counsel to the effect that the sublease will not cause the interest on the Tax-exempt Bonds to become subject to federal or State income taxes.

(e) The City may grant licenses to use all or any portion of the Leased Property in the normal course of business without the consent of the Corporation.

Maintenance, Repairs, and Modifications. The City shall maintain, preserve, and keep the Leased Property in good repair and condition, shall from time to time make all repairs, replacements, and improvements necessary to keep the Leased Property in such condition, and shall pay or provide for the payment of the costs of all utilities servicing the Leased Property, including water, sewer, electricity, and natural gas, as the case may be. The Corporation shall have no responsibility for any of these repairs, replacements, improvements, or utilities. In addition, the City shall, at its own expense, have the right to make additions, modifications, and improvements to the Leased Property or any part thereof as the City from time to time may deem necessary or desirable for its municipal purposes; provided, however, the City shall not make any additions, modifications, or improvements which will adversely affect the operation of the Leased Property. Such additions, modifications, and improvements shall not in any way damage the Leased Property nor cause it to be used for purposes other than those authorized under the provisions of municipal, State, and federal law; and the Leased Property upon completion of any additions, modifications, and improvements made as described in this Section, shall be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements. Any property for which a substitution or replacement is made pursuant to the Lease may be disposed of by the City in such manner and on such terms as are determined by the City. Except as provided in Section 9.2 of the Lease, the City will not permit any mechanic's or other lien to be established or remain against any part of the Leased Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals, or replacements made by the City pursuant to the Lease.

No addition, modification, or improvement to, or payment of the costs of utilities with respect to, the Leased Property made pursuant to the Lease shall entitle the City to any reimbursement of any Rentals or Additional Rentals from the Corporation, the Trustee or the Bondholders, nor shall the City be entitled to any abatement or diminution in Rentals or Additional Rentals under the Lease, except such diminution resulting from redemption of Bonds pursuant to Article III of the Indenture.

Liens. Except as provided in Section 5.9 of the Lease, the City shall not, directly or indirectly, create, incur, assume, or suffer to exist any mortgage, pledge, lien, charge, encumbrance, or claim on or with respect to the Leased Property or any part thereof (except for Permitted Encumbrances), other than

the respective rights of the Corporation, the City, and the Trustee, as provided in the Lease and in the Base Lease and the Leasehold Deed of Trust, provided if any such lien is established the City shall notify the Corporation, the City, and the Trustee of the City's intention to do so. The City shall have the right in its own name or in the Corporation's name to contest the validity or amount of any lien which the City is required to discharge and may permit the lien so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Corporation shall notify the City that, in the opinion of nationally recognized counsel experienced in the area of real estate acceptable to the party sending the notice, by nonpayment of any such items the interest of the Corporation in the Leased Property will be materially endangered or the Leased Property will be subject to loss or forfeiture in which event the City shall promptly discharge such lien. Except as expressly described in this Article or ARTICLE VI, the City shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance, or claim if the same shall arise at any time. The Corporation will cooperate fully with the City in any such contest, upon the request and at the expense of the City. The City shall reimburse the Corporation for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance, or claim.

City's Option to Purchase Corporation's Interest or Cure Defaults.

(a) The City shall have the option to purchase the Corporation's leasehold interest in the Leased Property and to terminate the Base Lease and the Lease at any time during the Base Lease Term (subject to the requirements described in the following provisions of this subsection (a) upon payment of the purchase price pursuant to Section 10.2 of the Lease. Except as otherwise described in this Section, the City shall give at least sixty (60) days' written notice to the Corporation and the Trustee of its intent to exercise the option and so terminate the Lease. Payment of the purchase price pursuant to Section 10.2 of the Lease shall constitute exercise of the option granted under the Lease without further action by the City.

(b) If the City and the Corporation receive notice of an Event of Default pursuant to the Lease or to subsection (a) or (b) of Section 801 of the Indenture or if an Event of Non-Appropriation under Section 11.4 of the Lease has occurred, the City shall also have the option to purchase the Corporation's leasehold interest in the Leased Property under the Base Lease and to terminate the Lease upon payment of the purchase price pursuant to Section 10.2 of the Lease. The City shall give notice of its intent to exercise the option described in this subsection (b) by giving notice thereof to the Corporation and the Trustee not later than thirty (30) days after receipt of notice of any such Event of Default or Event of Non-Appropriation. The City shall make the payment described in this subsection (b) not later than thirty (30) days after it has given notice of its intent to exercise the option to the Corporation and the Trustee.

(c) Upon receipt of notice by the City and the Corporation of an Event of Default pursuant to subparagraph (c) of Section 801 of the Indenture, the Corporation grants the City full authority, on account of the Corporation, to perform any covenant, agreement, or obligation, the nonperformance of which is alleged in said notice to constitute a default, in the name and stead of the Corporation, with full power to do any and all things and acts to the same extent that the Corporation could do and perform any such things and acts in order to remedy such default, and the City agrees to reimburse the Trustee for all expenses incurred in connection with such performance.

Purchase Price. The purchase price payable by the City in the event of its exercise of either of the options granted in Section 10.1 of the Lease shall be the sum of the following:

- (a) an amount of money which, when added to the amounts on deposit in the Debt Service Fund and the Debt Service Reserve Fund will be sufficient to pay in full the Bonds then Outstanding or provide for their payment as provided in Article XII of the Indenture; plus
- (b) an amount of money equal to the Trustee's and Paying Agents' fees and expenses under the Indenture, accrued and to accrue until such redemption of the Bonds; plus
- (c) an amount equal to all of the obligations of the City and the Corporation under the Tax Compliance Agreement; plus
- (d) reasonable costs incident to the redemption of the Bonds; plus
- (e) all other Additional Rentals obligations incurred by the City through the date of the purchase; plus
- (f) the sum of \$10.00.

It is agreed that the purchase option is granted to the City in the Lease in consideration of, and the purchase price of the Corporation's leasehold interest in the Leased Property includes, the conveyance of a leasehold interest in the Leased Property by the City to the Corporation and the Rentals during the Lease Term pursuant to Section 4.1 of the Lease, in addition to the foregoing amounts set forth in the Lease, which purchase amounts constitute the fair value of the Corporation's leasehold interest in the Leased Property in the judgment of the Corporation after giving consideration to all relevant factors.

Relative Position of Option, Indenture, and Leasehold Deed of Trust. The option granted to the City in the Lease shall remain prior and superior to the Indenture but subordinate to the Leasehold Deed of Trust, and may be exercised whether or not the City is in Default under the Lease, provided that such Default will not result in non-fulfillment of any condition to the exercise of any such option and further provided that all options in the Lease granted shall terminate 90 days following the termination of the Lease.

Damage, Destruction, and Condemnation. Unless the City shall have exercised its option to purchase the Corporation's interest under the Base Lease and terminate the Lease as provided in ARTICLE X of the Lease, if (i) all the Leased Property is destroyed or is damaged by fire or other casualty or (ii) title to or the temporary use of the Leased Property or the interest of the City or the Corporation in the Leased Property shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm, or corporation acting under governmental authority, the City shall, subject to the provisions of the following paragraph, cause the net proceeds of any insurance or condemnation award to be paid over to the Trustee for deposit into the applicable accounts in the Project Fund and applied to the prompt repair, restoration, modification, or improvement of the Leased Property by the City free of liens other than Permitted Encumbrances. Any balance of the net proceeds remaining after such work has been completed for the Leased Property shall, unless all of the Refuse Facility Project has been completed, remain in the Project Fund and at the completion of the Refuse Facility Project, as certified pursuant to Section 5.7 of the Lease, such funds shall be applied as provided in Section 504 of the Indenture. If the Refuse Facility Project has been completed, any net proceeds remaining after such work has been completed prior to the deposit of net proceeds shall be transferred to the Debt Service Fund and applied to the redemption of Bonds as provided in Section 301(c) of the Indenture.

If the City determines that the repair, restoration, modification, or improvement of the Leased Property is not economically feasible or in the best interest of the City, then, in lieu of making such repair, restoration, modification, or improvement, the City shall make provision for the redemption of

Outstanding Bonds in an amount equal to the net proceeds of any such insurance or condemnation award rounded to the nearest Authorized Denomination, any such net proceeds (i) shall be deposited into the Debt Service Fund to be applied to the payment of the Outstanding Bonds called for redemption; (ii) shall be used to pay the fees and expenses of the Corporation and the Trustee, together with all other amounts due under the Indenture and under the Lease as provided in Section 4.2 of the Lease, and (iii) shall be used to pay all amounts required to be rebated to the federal government pursuant to the Indenture or the Tax Compliance Agreement.

Event of Non-Appropriation.

(a) Except as provided in subsection (b) below, in the event that the Board of Aldermen does not budget and appropriate, specifically with respect to the Lease, on or before June 30 (or any other date later adopted by the City as the end of its Fiscal Year) of each year, moneys sufficient to pay all Rentals and the reasonably estimated Additional Rentals coming due for the next succeeding Fiscal Year, an Event of Non-Appropriation shall be deemed to have occurred.

(b) Notwithstanding subsection (a) above, no Event of Non-Appropriation shall be deemed to have occurred under the Lease if, during the Fiscal Year subsequent to that in which an event described in subsection (a) above occurs, Rentals and Additional Rentals are timely paid under the Lease, and further provided that on or before the last day of such Fiscal Year the Board of Aldermen shall budget and appropriate specifically with respect to the Lease, moneys sufficient to pay all Rentals and Additional Rentals (or reasonable estimates thereof as to those Additional Rentals which have not been paid) coming due for such Fiscal Year. If an Event of Non-Appropriation shall occur and be continuing, upon receipt of a certificate from a City Representative which states that the City has not appropriated the funds required to be appropriated by the City, or upon receipt of other notice of the occurrence of any Event of Non-Appropriation with respect to the City, the Trustee shall immediately notify the Corporation.

If an Event of Non-Appropriation shall occur, the City shall not be obligated to make payment of the Rentals, Additional Rentals, or any other payment provided for in the Lease which accrue beyond the last day of the Fiscal Year for which Rentals or Additional Rentals were appropriated, except for the City's obligation to make payments which are payable prior to the termination of the Lease; provided, however, that the City shall continue to be liable for the amounts payable accrued during such time when the City continues to occupy the Leased Property. Upon the occurrence of an Event of Non-Appropriation, the Trustee, for the benefit of Bondholders, shall have all rights and remedies granted to it under the Indenture as a secured creditor under State law and the Trustee, for the benefit of the Bondholders, shall be further entitled to all monies then on hand in all funds and accounts created under the Indenture, other than monies in the Rebate Fund, which shall be used solely as provided in the Indenture and the Tax Compliance Agreement. All property, funds, and rights acquired by the Trustee upon the termination of the Lease as to the City's possessory interest under the Lease by reason of an Event of Non-Appropriation as provided in the Lease shall be held by the Trustee under the Indenture for the benefit of the Bondholders as set forth in the Indenture, until the Bonds are paid in full.

Upon the occurrence and continuance of any Event of Non-Appropriation, the Corporation shall give notice to the City to vacate the Leased Property immediately (but in no event earlier than the expiration of the then current Fiscal Year for which the City has paid or appropriated monies sufficient to pay all Rentals and Additional Rentals due for such Fiscal Year) and shall, without any further demand or notice to the City, (i) terminate the Lease, re-enter the Leased Property and eject all parties in possession thereof therefrom, and sublease the Leased Property or (ii) take any action at law or in equity deemed necessary or desirable to enforce its rights with respect to the Leased Property.

Notwithstanding any provision to the contrary in the Lease or the Indenture contained, the definition of the Event of Non-Appropriation described in this Section shall be final and controlling in the event of any other contrary provision in the Lease or such other documents.

Non-Substitution Covenant. The City covenants and agrees that, to the extent permitted by law, if an Event of Default described in ARTICLE XII of the Lease occurs with respect to the City, the City will not construct, own or operate any refuse facilities not in existence at the time such Event of Default occurs during the sixty (60) day period subsequent to such Event of Default. The provisions described in this paragraph shall survive the termination of the Lease as a result of an Event of Default and shall remain in effect and be binding upon the City.

Termination of Lease Term. The Lease Term shall terminate as to the City, including the City's right to possession of the Leased Property pursuant to Section 3.2 of the Lease, upon the earliest of the occurrence of any of the following events: (i) the last day of the Fiscal Year for which Rentals or Additional Rentals were appropriated; (ii) there occurs an Event of Default by the City under the Lease if the Corporation or the Trustee elects such remedy pursuant to Section 12.2 of the Lease; (iii) the date upon which all Rentals and Additional Rentals required under the Lease shall be paid by the City, or (iv) discharge of the Indenture as provided in Article XII of the Indenture.

Events of Default Defined. The following shall be "Events of Default" under the Lease and the terms "Events of Default" and "Default" shall mean, whenever they are used in the Lease, any one or more of the following events:

(a) Failure by the City to pay any Rentals or Additional Rentals in the amounts and at the times specified in the Lease.

(b) Failure by the City to observe and perform any covenant, condition, or agreement on its part to be observed or performed under the Lease, other than as described in subsection (a) of this Section, which is not remedied within thirty (30) days after receipt by the City of written notice specifying such failure and requesting that it be remedied has been given to the City by the Corporation or the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, but is capable of being corrected within a reasonable period of time, the Trustee shall not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the failure is corrected and if such consent, in its sole judgment, does not materially adversely affect the interests of the Bondholders.

(c) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment, or attachment of such consequence as would impair the ability of the City to carry on its operation, or adjudication of the City as bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings whether voluntary or involuntary instituted under the provisions of the federal bankruptcy laws, as amended, or under any similar acts which may hereafter be enacted.

(d) Failure by the City to immediately vacate the Leased Property upon the request of the Trustee after an Event of Non-Appropriation occurs.

(e) The City shall vacate or abandon the Leased Property, and the same shall remain uncared for and unoccupied for a period of sixty (60) consecutive days.

The provisions described in this Section are subject to the following limitations: if by reason of force majeure the City is unable in whole or in part to carry out its obligations under the Lease, other than its obligation to pay Rentals or Additional Rentals with respect thereto, the City shall not be deemed in default under the continuance of such inability, provided notice thereof is given to the Corporation and the Trustee. The term “force majeure” as used in the Lease shall mean, without limitation, the following acts of God: strikes, lockouts, or other industrial disturbances; acts of public enemies including acts of terrorism whether foreign or domestic; orders or restraints of any kind of the government of the United States of America, the State, or their respective departments, agencies, or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes, or canals; or any other cause or event not reasonably within the control of the City and not resulting from its negligence. The City agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the City from carrying out its agreement; provided that the settlement of strikes, lockouts, and other industrial disturbances shall be entirely within the discretion of the City and the City shall not be required to make settlement of strikes, lockouts, and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the City unfavorable to the City.

Remedies on Default. Whenever any Event of Default referred to in Section 12.1 shall have happened and be continuing, the Trustee, or the Corporation upon the direction of the Trustee shall have the right, at its option and without any further demand or notice, to take any one or more of the following remedial steps:

(a) By written notice to the City (and to the Corporation if such notice is provided by the Trustee) declare all Rentals and Additional Rentals for the Fiscal Year in which the Event of Default occurred to be immediately due and payable and such Rentals and Additional Rentals shall thereupon become immediately due and payable; or

(b) Give the City (and to the Corporation if such notice is provided by the Trustee) written notice of intention to terminate the Lease on a date specified in such notice, which date shall not be earlier than thirty (30) days after such notice is given, and if all Defaults have not then been cured, on the date so specified, the City’s rights to possession of the Leased Property shall cease and the Lease shall thereupon be terminated, and the Corporation may reenter and take possession of the Leased Property; or

(c) With or without terminating the Lease, take possession of the Leased Property, in which event the City shall vacate the Leased Property and take all actions necessary to authorize, execute, and deliver to the Corporation all documents necessary to vest in the Corporation for the remainder of the Lease Term, all of the City’s leasehold interest in and to the Leased Property, sell the Corporation’s (or its assignee’s) interest in the Base Lease or the Leasehold Deed of Trust, or lease the Leased Property and collect the rentals therefor, for all or any portion of the remainder of its leasehold term upon such terms and conditions as it may deem satisfactory in its sole discretion with the City remaining liable, subject to the provisions of Section 3.2 of the Lease, for any difference between (i) the Rentals and Additional Rentals payable by the City under the Lease during the Lease Term, and (ii) the net proceeds or any purchase price, rents, or other amounts paid by the new purchaser, lessee, or sublessee of the Leased Property, and; provided further, that, in such event, if the Corporation shall receive a payment for sale of its interest or total sub-rentals for sublease that are, after payment of the Corporation’s expenses in connection therewith, in excess of the purchase price applicable under Section 10.2 of the Lease at the time of default, plus interest thereon at the interest rate per annum borne by the Bonds, then such excess shall be paid to the City either by the Corporation, its assigns, or its sublessee; or

(d) Without terminating the Lease, reenter the Leased Property or take possession thereof pursuant to legal proceedings or pursuant to any notice provided for by law, and having elected to reenter

or take possession of the Leased Property without terminating the Lease, the Corporation shall use reasonable diligence to relet the Leased Property, or parts thereof, for such term or terms and at such rental and upon such other provisions and conditions as the Corporation may deem advisable, with the right to make alterations and repairs to the Leased Property, and no such reentry or taking of possession of the Leased Property by the Corporation shall be construed as an election on the Corporation's part to terminate the Lease, and no such reentry or taking of possession by the Corporation shall, subject to the provisions of Section 3.2, relieve the City of its obligation to pay Rentals or Additional Rentals (at the time or times provided in the Lease), or of any of its other obligations under the Lease, all of which shall survive such reentry or taking of possession, and the City shall continue to pay the Rentals and Additional Rentals, subject to the provisions of Section 3.2 of the Lease, specified in the Lease until the end of the Lease Term, whether or not the Leased Property shall have been relet, less the net proceeds, if any, of any reletting of the Leased Property after deducting all of the Corporation's reasonable expenses in or in connection with such reletting, including without limitation all repossession costs, brokerage commissions, legal expenses, expenses of employees, alteration costs, and expense of preparation for reletting. Said net proceeds of any reletting shall be deposited in the Debt Service Fund and shall be applied as provided in the Indenture.

Having elected to reenter or take possession of the Leased Property without terminating the Lease, the Corporation may (subject to any restrictions in the Indenture against termination of the Lease), by notice to the City given at any time thereafter while the City is in Default in the payment of Rentals or Additional Rentals or in the performance of any other obligation under the Lease, elect to terminate the Lease on a date to be specified in such notice, which date shall be not earlier than thirty (30) days after reentry under subsection (c) above, and if all Defaults shall not have been cured, on the date so specified the Lease shall thereupon be terminated. If in accordance with any of the foregoing provisions, the Corporation shall have the right to elect to reenter and take possession of the Leased Property, the Corporation may enter and expel the City and those claiming through or under the City and remove the property and effects of both or either without being guilty of any manner of trespass and without prejudice to any remedies for arrears of rent or for preceding breach of covenant. The Corporation may take whatever action at law or in equity which may appear necessary or desirable to collect rent then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement, or covenant of the City under the Lease, or any right of the Corporation described in this subsection.

(e) Take whatever action at law or in equity as may appear necessary or desirable to collect the Rentals and Additional Rentals then due and thereafter to become due during the Term of the Lease, or enforce performance and observance of any obligation, agreement, or covenant of the City under the Lease.

Limitations on Remedies. A judgment requiring a payment of money may be entered against the City by reason of an Event of Non-Appropriation only to the extent that the City fails to vacate the Leased Property as required by the Lease and only as to the following liabilities:

(a) the portion of Rentals and Additional Rentals which would otherwise have been payable under the Lease, allocable to any period in which the City continues to occupy the Leased Property; and

(b) Rentals, Additional Rentals, or other obligations under the Lease which would otherwise have been payable by the City under the Lease subsequent to termination of the Lease.

Rights and Remedies Cumulative. The rights and remedies reserved by the Corporation and the City under the Lease and those provided by law shall be construed as cumulative and continuing rights. No one of them shall be exhausted by the exercise thereof on one or more occasions. The Corporation and the City shall each be entitled to specific performance and injunctive or other equitable relief for any

breach or threatened breach of any of the provisions of the Lease, notwithstanding availability of an adequate remedy at law, and each party waives the right to raise such defense in any proceeding in equity.

No Remedy Exclusive. No remedy in the Lease conferred upon or reserved to the Corporation or the Trustee is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Corporation or the Trustee to exercise any remedy reserved to it in the Lease, it shall not be necessary to give any notice, other than such notice as may be required in the Lease or by law.

No Additional Waiver Implied by One Waiver. In the event any agreement contained in the Lease shall be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach under the Lease.

Amendments. So long as any Bonds are outstanding, the Lease may not be effectively amended, changed, modified, altered, or terminated, except as provided in Article XI of the Indenture.

Net Lease. The parties to the Lease agree (a) that the Lease is intended to be a net lease, (b) that the payments of Rentals and Additional Rentals are designed to provide funds adequate in amount to pay all principal of and interest and any redemption premiums accruing on the Bonds as the same become due and payable, and for the purposes set forth in Section 4.2 of the Lease, (c) that to the extent that the payments of Rentals and Additional Rentals are not sufficient to provide funds sufficient for the purposes aforesaid, the City, subject to the provisions of Section 3.2 of the Lease, shall be obligated to pay, and it does covenant and agree to pay, upon demand therefor, as Additional Rentals, such further sums of money, in cash, as may from time to time be required for such purposes, and (d) that if, after all of the Bonds are deemed to be paid in accordance with Article XII of the Indenture and provision has been made for payment of all other sums payable under the Indenture in accordance with Article XII thereof, the Trustee or the Corporation holds unexpended funds received in accordance with the terms of the Lease, such unexpended funds shall, after payment therefrom of all sums then due and owing by the City under the terms of the Lease and the Indenture, and except as otherwise provided in the Lease and the Indenture, become the absolute property of and be paid over forthwith to the City free and clear of the lien of the Indenture.

Merger, Consolidation, Transfer of Assets, Etc. It is the intention of the parties that the parties' respective interests in the Base Lease and the Lease and the City's fee interest in the Real Property will not be deemed merged with the effect that the specific grant of property interests, payment terms, or any other terms of the Lease or the Base Lease are unenforceable or in any way mitigated in force and effect.

As long as any of the Bonds remain Outstanding and unpaid, or until provision for the payment thereof has been made as provided in Article XII of the Indenture, the Corporation will maintain its corporate existence and will not dissolve or otherwise dispose of all or a major portion of its assets without the approval of the City and the Trustee. The Corporation will not consolidate with or merge into any another corporation or permit one or more other corporations to consolidate with or merge into it except that the Corporation may, without violating the foregoing, consolidate with or merge into another nonprofit corporation organized under the laws of the State or permit one or more other such corporations to consolidate with or merge into it, if the following requirements are complied with and there has been delivered to the City, and the Trustee sufficient evidence showing that there has been such compliance:

(a) The surviving or resulting corporation, as the case may be, has expressly assumed in writing all of the obligations, covenants, and agreements of the Corporation contained in the Bonds, the Lease, the Indenture, the Base Lease, the Leasehold Deed of Trust, and the Tax Compliance Agreement, and any other instruments of security given by the Corporation to secure any of its obligations;

(b) The Corporation has obtained an Opinion of Counsel that the lien created by the Indenture will not be adversely affected thereby;

(c) The Corporation has obtained an Opinion of Bond Counsel that the corporate action referred to does not cause the interest on the Tax-exempt Bonds then Outstanding to become includable in gross income for purposes of federal or State income tax purposes; and

(d) As a result of the transaction, the surviving or resulting corporation is not in default under the Bond Documents, the Bonds, or any other instrument of security securing the obligations of the Corporation.

Subordination of Lease to Leasehold Deed of Trust. The Lease and the rights of the City under the Lease are and shall continue to be subject and subordinate to the lien of the Leasehold Deed of Trust (and to all extensions, renewals, or modifications thereof) and all other security agreements, financing statements, or other security interests given by the Corporation to or for the benefit of the Trustee to secure the payment of the principal of and interest on the Bonds, except for the provisions contained in Section 10.1 of the Lease concerning the City's purchase option and the provisions contained in Section 11.1 of the Lease concerning damage, destruction, and condemnation of the Leased Property.

SUMMARY OF LEASEHOLD DEED OF TRUST

The following is a summary of certain provisions of the Leasehold Deed of Trust. This summary does not purport to be complete or comprehensive, and is qualified in its entirety by reference to the Leasehold Deed of Trust.

Granting Clauses. The Corporation, pursuant to the Leasehold Deed of Trust, does GRANT, BARGAIN, SELL, CONVEY, CONFIRM, ASSIGN, TRANSFER, AND SET OVER unto Cheryl Rain (the "*Deed of Trust Trustee*"), his or her successors and assigns, IN TRUST, forever, and does grant a lien on and a security interest in, all of the Corporation's right to and interest in the following items to the Deed of Trust Trustee and U.S. Bank National Association, as bond trustee (the "*Beneficiary*"), whether now or hereafter acquired: (1) the Corporation's leasehold interest in the Leased Property pursuant to the Base Lease ("*Leasehold Estate*"), (2) all leases, subleases, licenses, concessions, occupancy agreements, or other agreements (written or oral, now or at any time in effect) which grant a possessory interest in, or the right to use, all or any part of the Leased Property, together with all related security and other deposits whether such leases and agreements are now or at any time hereafter existing, other than the Base Lease (the "*Subleases*"), (3) all of the rents, revenues, income, proceeds, profits, security, and other types of deposits, and other benefits paid or payable by parties to the Subleases (other than the Corporation) under the Subleases, (4) all accessions, replacements, and substitutions for any of the foregoing and all proceeds thereof, (5) all insurance policies, unearned premiums therefor, and proceeds from such policies covering any of the above property now or hereafter acquired by the Corporation, and (6) all of the Corporation's right to and interest in any awards, remunerations, reimbursements, settlements, or compensation heretofore made or hereafter to be made by any governmental authority pertaining to the Leased Property (collectively, items (1) through (6) are referred to in the Leasehold Deed of Trust as the "*Mortgaged Property*").

As used in the Leasehold Deed of Trust, the terms "*Mortgaged Property*," "*Leased Property*," and "*Leasehold Estate*" shall mean all or, where the context permits or requires, any portion of such Mortgaged Property, Leased Property, or Leasehold Estate, or any interest therein.

Due on Sale or Encumbrance. The Corporation will not, without the prior written consent of the Beneficiary, transfer, convey, or otherwise part with its right to or interest in the Mortgaged Property, or create or permit or allow to exist or to be created any mortgage, deed of trust, pledge, or other lien or encumbrance on the Mortgaged Property, other than the Leasehold Deed of Trust, the Base Lease, the Lease, and any other Permitted Encumbrances, and, except as provided in the Lease, the Corporation will not suffer or permit any mechanic's or materialmen's lien or any other lien of any nature whatsoever to attach to the Mortgaged Property or to remain outstanding against the same; provided, however, that the Corporation shall have the right to contest the validity or amount of any such mechanic's or materialmen's lien or any other lien of any nature whatsoever, as provided in the Lease, which right shall survive any termination of the Lease.

Insurance. The Corporation agrees to, at all times, comply or cause the City to comply with the provisions of the Lease relating to maintenance of insurance. In the event the Corporation shall fail to maintain, or shall fail to cause to be maintained, the full insurance coverage required by the Lease and the Leasehold Deed of Trust, the Deed of Trust Trustee or the Beneficiary may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same, pursuant to the cure payment provisions of the Leasehold Deed of Trust.

Repairs. The Corporation will keep and maintain, or will cause the City to keep and maintain, the Leased Property in good order, repair, and condition at all times, without any liability of the Deed of Trust Trustee or the Beneficiary to any person for damage for failure to repair or for any other cause, and the Corporation promptly will make, or will cause the City to make, all needed and proper repairs, restorations, renewals, and replacements thereof, so that at all times the value of the Leased Property shall be fully preserved and maintained, and the Corporation will not cause or permit any waste on or of the Leased Property or otherwise allow the Leased Property to depreciate in value by any act or neglect. In the event the Corporation shall fail to keep, or shall fail to cause to be kept, the Leased Property in good repair and operating condition, the Deed of Trust Trustee or the Beneficiary may (but shall be under no obligation to) make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced therefore shall become an additional obligation of the Corporation, which amounts, together with interest thereon from the date of payment by such party at the rate of 2% per annum over and above the interest rate announced from time to time by the Beneficiary as its "prime rate" on commercial loans (or such lower maximum amount permitted by law), the Corporation agrees to pay on demand to the party advancing same.

Compliance. The Corporation will not use or suffer or permit to be used the Leased Property in any manner inconsistent with the rights of the Deed of Trust Trustee or the Beneficiary under the Leasehold Deed of Trust, or in violation of the provisions of any insurance policy or any rules or regulations of insurance underwriters.

Condemnation. In the event the Mortgaged Property is taken through condemnation proceedings or by virtue of the exercise of eminent domain or pursuant to governmental action, any and all amounts awarded in any such condemnation proceeding for the taking of the Mortgaged Property shall be applied as provided in the Lease. The Corporation shall give the Beneficiary immediate notice, in writing, of the actual or threatened commencement of any condemnation or eminent domain proceeding affecting the Mortgaged Property.

Taxes. The Corporation covenants and agrees to pay, or cause the City to pay any, and all taxes, assessments, liens, and other charges that may be levied or assessed against the Mortgaged Property prior to the time the same shall become delinquent. Within thirty (30) days of receipt of written request of the Beneficiary, the Corporation shall promptly provide the Beneficiary with proof of payment of such amounts. Notwithstanding the foregoing, however, the Corporation shall have the right to contest the validity or amount of any such taxes, assessments, liens, or other charges, as provided in the Lease, which right shall survive any termination of the Lease.

Cure Payments. If the Corporation shall fail to pay or cause to be paid any tax, assessment, lien, or other charge levied or assessed against the Mortgaged Property or shall fail to keep and perform any of the covenants and conditions in the Leasehold Deed of Trust contained, the Deed of Trust Trustee or the Beneficiary shall be privileged, but shall not be obligated, to pay any such tax, assessment, lien, rent, or other charge, to redeem such property from any sale or foreclosure for taxes or assessments or liens, to effect and pay for insurance required under the Leasehold Deed of Trust, to perform or pay for any other obligations, and to make such other disbursements as are necessary or advisable in the opinion of the Deed of Trust Trustee or the Beneficiary to cure any Event of Default under the Leasehold Deed of Trust or protect the lien or the rights of the Deed of Trust Trustee and the Beneficiary under the Leasehold Deed of Trust; any and all such sums of money advanced for such purposes by the Deed of Trust Trustee or the Beneficiary shall be deemed additional Indebtedness secured by the Leasehold Deed of Trust and shall be payable on demand with interest accruing from the time so advanced at the rate of 2% per annum over and above the interest rate announced from time to time by the Beneficiary as its “prime rate” on commercial loans (or such lower maximum amount permitted by law), and failure on the part of the Corporation to repay the amounts so advanced on demand shall constitute an Event of Default under the Leasehold Deed of Trust; provided, however, nothing in the Leasehold Deed of Trust contained shall be construed as requiring the Deed of Trust Trustee or the Beneficiary to effect such insurance or to advance or expend money or take any action for any of the purposes aforesaid.

Compliance with Laws. The Corporation shall, and shall cause the City to: (i) comply with all statutes, ordinances, regulations, rules, orders, decrees, and other requirements relating to the Mortgaged Property by any federal, State, or local authority, including, without limitation, the Americans with Disabilities Act of 1990, as amended, and (ii) observe and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including, without limitation, zoning variances, special exceptions, and nonconforming uses), privileges, franchises, and concessions that are applicable to the Mortgaged Property or that have been granted to or contracted for by the Corporation in connection with any existing or presently contemplated use of the Mortgaged Property. The Corporation shall not initiate or acquiesce in any changes to or termination of any of the foregoing or of zoning design actions affecting the use of the Mortgaged Property without the prior written consent of the Beneficiary.

Inspection of Property. The Corporation shall permit, and shall cause the City to permit, the Beneficiary and the Deed of Trust Trustee and their representatives and agents to inspect the Mortgaged Property, from time to time upon reasonable prior telephonic notice during normal business hours and as frequently as the Beneficiary considers reasonable, subject to the provisions of the Base Lease.

Utilities. The Corporation will pay, or will cause the City to pay, all utility charges incurred in connection with the Mortgaged Property, and shall maintain all utility services now or hereafter available for use at the Mortgaged Property.

Security Agreement; Fixture Filing. To secure the Indebtedness, the Corporation also grants to the Beneficiary a security interest in all goods and equipment now owned or hereafter acquired by the Corporation that are intended to be used or are actually used as part of the Mortgaged Property so as to

become fixtures, and all replacements thereof, substitutions therefor, and accessions thereto and cash and non-cash proceeds thereof (the "*Personal Property Collateral*"). The Personal Property Collateral and the Mortgaged Property are collectively referred to in the Leasehold Deed of Trust as the "Collateral."

Future Advances. The Leasehold Deed of Trust is to be governed by Section 443.055, RSMo., as amended, and secures future advances, including Additional Bonds, if any, issued under the Indenture, in an amount not to exceed Twelve Million Fifteen Thousand Six Hundred Forty-Eight and 08/100 Dollars (\$12,015,648.08), plus interest. In the event the Beneficiary shall receive a notice pursuant to Section 443.055, RSMo., as amended, terminating the Leasehold Deed of Trust as security for future advances for future obligations made or incurred after the date of such notice, then upon receipt of such notice, the Beneficiary shall have no further obligation under any document evidencing, securing, or related to the Indebtedness secured by the Leasehold Deed of Trust notwithstanding anything to the contrary in any such document.

Events of Default; Remedies. In the event any one or more of the following events (each an "*Event of Default*") shall occur: (a) if there shall be any failure in the payment of any of the Indebtedness secured, or any interest thereon, as and when the same shall become due and payable after the expiration of all applicable cure periods, whether by reason of demand, acceleration, or otherwise; (b) if the Corporation's interest in the Mortgaged Property shall pass to another party by operation of law as the result of any creditor's action, suit, or proceeding; (c) if the Mortgaged Property or ownership interest therein is sold, transferred, assigned, or in any manner conveyed without the prior written consent of the Beneficiary, except as provided in the Leasehold Deed of Trust or in the Lease; (d) if an Event of Default occurs under the Indenture after giving effect to all applicable cure periods (if any); or (e) if there shall be any failure by the Corporation in the due performance or observance of any covenant, agreement, or condition in the Leasehold Deed of Trust contained or in the Leasehold Deed of Trust required to be performed or observed by the Corporation (other than those set forth at clauses (a) - (c) hereinabove), and such failure shall continue for a period of thirty (30) days after the date of the mailing of a written notice addressed to the Corporation and the City at the addresses set forth in Section 1304 of the Indenture, or to such other address as may be designated by the Corporation in written notice delivered to the Beneficiary;

THEN, AND IN EACH AND EVERY SUCH EVENT: (1) all of the Indebtedness then outstanding and unpaid and all accrued and unpaid interest thereon shall, at the option of the Beneficiary, become and be due and payable immediately, anything in the Leasehold Deed of Trust to the contrary notwithstanding; (2) upon demand of the Deed of Trust Trustee or the Beneficiary, the Corporation shall forthwith surrender to the Beneficiary the actual possession of all of the Mortgaged Property and it shall be lawful (whether or not the Corporation has so surrendered possession) for the Beneficiary, either personally or by agents or attorneys, forthwith to enter into or upon the Mortgaged Property and to exclude the Corporation, the agents, and servants of the Corporation, and all parties claiming by, through or under the Corporation, including the City, wholly therefrom, and the Beneficiary shall thereupon be solely and exclusively entitled to possession of said Mortgaged Property, and to use, operate, manage, and control the same, either personally or by managers, agents, servants, or attorneys, for the benefit of the Owners of the Bonds to the fullest extent authorized by law; and upon every such entry, the Beneficiary may, from time to time, at the expense of the Corporation, make all necessary and proper repairs and replacements of the Mortgaged Property as the Beneficiary in its discretion sees fit, and any amounts so expended shall be due on demand, bear interest at the rate of 2% per annum over and above the interest rate announced from time to time by the Beneficiary as its "prime rate" on commercial loans (or such lower maximum amount permitted by law) and shall be secured by the Leasehold Deed of Trust; (3) the Deed of Trust Trustee shall proceed to sell either by himself or herself or by agent or attorney, the Mortgaged Property at public sale at the customary place to the highest bidder for cash after first giving notice as required by the statutes of the State and upon such sale the Deed of Trust Trustee shall receive the proceeds of such sale and shall execute and deliver a deed or deeds or other instruments of

conveyance, assignment, and transfer for the property sold, to the purchaser or purchasers thereof; and (4) the Deed of Trust Trustee and/or the Beneficiary may proceed by suit or suits at law or in equity to enforce the Indebtedness secured by the Leasehold Deed of Trust and/or to foreclose the Leasehold Deed of Trust, and in such event the Deed of Trust Trustee shall be entitled to a reasonable fee for his or her services and the Deed of Trust Trustee and the Beneficiary shall be entitled to a reasonable fee for the services of their respective attorneys and agents, and for all expenses, costs, and outlays. Upon or at any time after the filing of any suit to foreclose the lien of the Leasehold Deed of Trust, the Beneficiary shall be entitled as a matter of right to the appointment of a receiver of the Mortgaged Property, either before or after sale, without notice and without regard to the solvency or insolvency of the Corporation or the then value of such Mortgaged Property at the time of the application for such receiver, and the Deed of Trust Trustee or the Beneficiary may be appointed as such receiver. Such receiver shall have all powers necessary or incidental for the protection, possession, control, management, and operation of the Mortgaged Property.

In any sale or sales made by the Deed of Trust Trustee under the power in the Leasehold Deed of Trust granted, or upon any sale or sales under or by virtue of any judicial proceedings: (i) the whole of the Mortgaged Property may be sold in one parcel as an entirety, or the Mortgaged Property may be sold in separate parcels as may be determined by the Deed of Trust Trustee in his or her discretion; (ii) all recitals contained in any deed or other instrument of conveyance, assignment, or transfer made and delivered by the Deed of Trust Trustee in pursuance of the powers granted and conferred in the Leasehold Deed of Trust, shall be prima facie evidence of the facts therein set forth; (iii) such sale or sales shall operate to divest the Corporation of all right, title, interest, claim, and demand, either at law or in equity, under statute or otherwise, in and to the Mortgaged Property so sold and shall be a perpetual bar, both in law or equity, against the Corporation and any and all persons claiming or to claim from, through or under the Corporation, including the City; and (iv) the Beneficiary may bid for and purchase the Mortgaged Property. Each time it shall become necessary to insert an advertisement of foreclosure and sale is not had, the Deed of Trust Trustee shall be entitled to receive the sum of One Hundred Dollars (\$100.00) for his or her services and the amount of all advertising charges from the Corporation, all of which shall be further secured by the Leasehold Deed of Trust. Upon the foreclosure and/or sale of the Mortgaged Property the proceeds of such sale or sales shall be applied as follows: First, to the cost and expense of executing the trust, including reasonable compensation of the Deed of Trust Trustee and reasonable attorneys' fees and expenses, outlays for documentary stamps, cost of procuring title insurance commitments, abstracts, searches, or examinations reasonably necessary or proper, next, to the payment of any and all advances made by the Deed of Trust Trustee or the Beneficiary, with interest thereon as hereinabove provided; next, to the payment of the balance of the Indebtedness secured by the Leasehold Deed of Trust, with interest thereon as in the Leasehold Deed of Trust provided; and any surplus thereafter shall be paid to the Corporation or any other party legally entitled thereto; provided that in the event the net proceeds of such sale or sales shall not be sufficient to pay in full the Indebtedness secured by the Leasehold Deed of Trust, the Corporation promises and agrees to pay any deficiency thereon upon demand, with interest as in the Leasehold Deed of Trust provided.

In addition to the other rights and remedies set forth in the Leasehold Deed of Trust, Beneficiary shall at its option, and without notice or demand, be entitled to enter upon the Mortgaged Property to take immediate possession of the portion of such Mortgaged Property constituting Personal Property Collateral. Beneficiary may sell such Mortgaged Property at public or private sale in accordance with the UCC or in accordance with the foreclosure advertisement and sale provisions under the Leasehold Deed of Trust. In the further event Beneficiary shall dispose of the Mortgaged Property constituting Personal Property Collateral after default, the proceeds of disposition shall be applied in the order set forth in the immediately preceding paragraph. The Corporation waives any right of redeeming such Personal Property Collateral whether foreclosure with regard thereto is coterminous with or separate from foreclosure of the remainder of the Mortgaged Property.

The Corporation shall not apply for or avail itself of any appraisal, valuation, redemption, stay, extension, or exemption laws, or any so-called "moratorium laws," now existing or hereinafter enacted, in order to prevent or hinder the enforcement or foreclosure of the Leasehold Deed of Trust, and waives the benefit of such laws. The Corporation, for itself, its successors and assigns, wholly waives the period of redemption and any right of redemption provided under any existing or future law in the event of a foreclosure of the Leasehold Deed of Trust. The Corporation, for itself and all who may claim through or under it, waives any and all right to have the property and estates comprising the Mortgaged Property marshalled upon any foreclosure of the lien of the Leasehold Deed of Trust and agrees that any court having jurisdiction to foreclose such lien may order the Mortgaged Property sold as an entirety. The Corporation waives any order or decree of foreclosure, pursuant to the rights in the Leasehold Deed of Trust granted, on behalf of the Corporation, and each and every person acquiring any interest in or title to the Mortgaged Property, subsequent to the date of the Leasehold Deed of Trust, and on behalf of all other persons to the extent permitted by applicable law.

No remedy in the Leasehold Deed of Trust conferred upon or reserved to the Deed of Trust Trustee or the Beneficiary is intended to be exclusive of any other remedy, but every remedy in the Leasehold Deed of Trust provided shall be cumulative, and shall be in addition to every other remedy given under the Leasehold Deed of Trust or now or hereafter existing at law or in equity, or by statute; and every power and remedy given by the Leasehold Deed of Trust to the Deed of Trust Trustee or the Beneficiary may be exercised from time to time and as often as may be deemed expedient. No delay or omission by the Deed of Trust Trustee or the Beneficiary to exercise any right or power arising from any Event of Default shall impair any such right or power or shall be construed to be a waiver of any Event of Default or any acquiescence therein. In case the Deed of Trust Trustee shall have proceeded to enforce any right under the Leasehold Deed of Trust by foreclosure, entry, or otherwise, and such proceedings shall have been discontinued or abandoned because of waiver or for any other reason, or shall have been determined adversely, then, and in such and every such case, the Corporation and the Deed of Trust Trustee shall severally and respectively be restored to their former positions and rights under the Leasehold Deed of Trust in respect of the Mortgaged Property, and all rights, remedies, and powers of the Deed of Trust Trustee shall continue as though no such proceedings had been taken. If any additional sum or sums shall become due and owing by the Corporation to the Beneficiary, pursuant to the provisions of the Leasehold Deed of Trust, the affidavit of the Beneficiary shall be sufficient evidence of the fact that such additional sums are secured by the Leasehold Deed of Trust in the amount set forth in such affidavit.

The Corporation agrees that the Lease and the Leasehold Estate created thereby shall always be and are made subordinate, subject, and inferior to the lien created by the Leasehold Deed of Trust on the estates in the Leased Property, so that said Lease will no longer affect the Leased Property after any foreclosure under the Leasehold Deed of Trust or sale by the Deed of Trust Trustee under the Leasehold Deed of Trust.

Beneficiary's Right of Possession in Case of Default. In any case in which under the provisions of the Leasehold Deed of Trust the Beneficiary has a right to institute foreclosure proceedings, whether before or after the whole principal sum secured by the Leasehold Deed of Trust is declared to be immediately due, or whether before or after the institution of legal proceedings to foreclose the lien of the Leasehold Deed of Trust or before or after sale thereunder, forthwith, the Corporation shall surrender to the Beneficiary, and the Beneficiary shall be entitled to take actual possession of, the Mortgaged Property personally, or by its agent or attorneys, as for condition broken. In such event, the Beneficiary in its discretion may, with or without force and with or without process of law, enter upon and take and maintain possession of the Mortgaged Property, together with all documents, books, records, papers, and accounts of the Corporation or the then owner of the Mortgaged Property relating thereto, including the City, and may exclude the Corporation and its agents or servants wholly therefrom and may as attorney in

fact or agent of the Corporation, or in its own name as the Beneficiary and under the powers in the Leasehold Deed of Trust granted, hold, operate, manage and control the Mortgaged Property and conduct the business, if any, thereof, either personally or by its agents, and with full power to use such measures, legal or equitable, as in its discretion or in the discretion of its successors or assigns, may be deemed proper or necessary to enforce the payment or security of the avails, rents, issues, and profits of the Mortgaged Property, including actions for the recovery of rent, actions in forcible detainer, and actions in distress for rent, and with, full power: (a) to cancel or terminate any Sublease for any cause or on any ground which would entitle the Corporation to cancel the same; (b) to elect to disaffirm any Sublease which is then subordinate to the lien of the Leasehold Deed of Trust; (c) to extend or modify any then existing Subleases and to make new leases, which extensions, modifications, and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire beyond the maturity date of the Indebtedness and beyond the date of the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon the Corporation and all persons whose interests in the Mortgaged Property are subject to the lien of the Leasehold Deed of Trust and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the mortgage indebtedness, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any purchaser; (d) to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments, and improvements to the Mortgaged Property as to the Beneficiary may seem judicious; (e) to insure and reinsure the same and all risks incidental to the Beneficiary's possession, operation and management thereof; and (f) to receive all of such avails, rents, issues, and profits; granting full power and authority to exercise each and every of the rights, privileges, and powers in the Leasehold Deed of Trust granted at any and all times hereafter, without notice to the Corporation.

The Beneficiary shall not be obligated to perform or discharge, nor does it undertake to perform or discharge, any obligation, duty, or liability under any leases. The Corporation shall and does agree to indemnify and hold the Beneficiary harmless of and from any and all liability, loss, or damage which it may or might incur under said leases or under or by reason of the assignment thereof and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained in said leases. Should the Beneficiary incur any such liability, loss, or damage under said leases or under or by reason of the assignment thereof, or in the defense of any claims or demands, the amount thereof, including costs, expenses, and reasonable attorneys' fees, shall be secured by the Leasehold Deed of Trust, and the Corporation shall reimburse the Beneficiary therefore immediately upon demand.

Application of Income Received by the Beneficiary. The Beneficiary, in the exercise of the rights and powers in Sections (21) and (22) above conferred upon it, shall have full power to use and apply the avails, rents, issues, and profits of the Mortgaged Property to the payment of or on account of the following, in such order as the Beneficiary may determine:

(i) to the payment of the operating expenses of the Mortgaged Property, including cost of management and leasing thereof (which shall include reasonable compensation to the Beneficiary and its agent or agents, if management be delegated to an agent or agents, and shall also include lease commissions and other compensation and expenses of seeking and procuring tenants and entering into leases), established claims for damages, if any, and premiums on insurance hereinabove authorized;

(ii) to the payment of taxes and special assessments now due or which may hereafter become due on the Mortgaged Property;

(iii) to the payment of all repairs, renewals, replacements, alterations, additions, betterments, and improvements on the Mortgaged Property and the expense of placing the Mortgaged Property in such condition as the Beneficiary from time to time may deem necessary; and,

(iv) to the payment of the Indebtedness or any deficiency which may result from any foreclosure sale.

Resignation and Removal of Deed of Trust Trustee. The Deed of Trust Trustee may resign at any time by written instrument to that effect delivered to the Beneficiary. The Beneficiary shall be entitled to remove, at any time and from time to time, including any time before, during or after the commencement or completion of any foreclosure proceeding, the Deed of Trust Trustee. In case of the death, removal, resignation, refusal to act, or otherwise being unable to act of the Deed of Trust Trustee, the Beneficiary shall be entitled to select and appoint a successor Deed of Trust Trustee under the Leasehold Deed of Trust by an instrument duly executed, acknowledged, and recorded in the manner and form for conveyances of real estate in the State, which recording may occur before, during, or after the commencement or completion of any foreclosure proceeding, and any such successor Deed of Trust Trustee shall thereupon succeed to the Deed of Trust Trustee as Deed of Trust Trustee under the Leasehold Deed of Trust and to all of the rights, powers, duties, obligations, and estate of said Deed of Trust Trustee as if specifically named in the Leasehold Deed of Trust, provided no defect or irregularity in the resignation or removal of said Deed of Trust Trustee or in the appointment of a successor Deed of Trust Trustee or in the execution and recording of such instrument shall affect the validity of said resignation, removal, or appointment or any act or thing done by such successor Deed of Trust Trustee pursuant thereto. Additionally, whether the recording of the successor Deed of Trust Trustee instrument takes place before, during, or after the commencement or completion of any foreclosure proceeding shall have no effect upon the validity of said proceeding. The Deed of Trust Trustee shall not be disqualified from acting as Deed of Trust Trustee under the Leasehold Deed of Trust or from performing any of the duties of the Deed of Trust Trustee, or from exercising the rights, powers, and remedies in the Leasehold Deed of Trust granted, by reason of the fact that the Deed of Trust Trustee is an officer, employee, or stockholder of the Beneficiary, or is interested, directly or indirectly, as the holder of any of the Indebtedness secured by the Leasehold Deed of Trust. The Corporation expressly consents to the Deed of Trust Trustee acting as Deed of Trust Trustee irrespective of the fact that the Deed of Trust Trustee might be otherwise disqualified for any of the foregoing reasons, and that any interest which the Deed of Trust Trustee or any successor shall have or may acquire in the Indebtedness secured by the Leasehold Deed of Trust, or the Mortgaged Property, shall neither interfere with nor prevent his or her acting as Deed of Trust Trustee or from purchasing said property at said sale or sales, and all parties waive any objection to the Deed of Trust Trustee having or acquiring any such interest in the Indebtedness or Mortgaged Property and continuing to act as Deed of Trust Trustee. The Deed of Trust Trustee covenants faithfully to perform and fulfill the trust in the Leasehold Deed of Trust created, but shall be liable, however, only for gross negligence or willful misconduct as determined by a court of competent jurisdiction.

Performance Under Base Lease. The Corporation shall at all times fully perform and comply with all covenants, warranties, representations, and other obligations imposed upon it as the tenant under the Base Lease or otherwise under the Base Lease and shall always keep the Base Lease in full force and effect. The Corporation shall immediately deliver to the Beneficiary copies of any notices received from the Lessor. Upon any failure or alleged failure (notwithstanding that the alleged failure may be contested by the Corporation) in the performance by the Corporation of any covenant, warranty, representation, or other obligation imposed upon or assumed by it under the Base Lease, the Beneficiary shall have the absolute and immediate right to perform the same and, subject to the terms and conditions of the Base Lease, to enter upon the Mortgaged Property, and to take such other actions as the Beneficiary, in its sole opinion, deems necessary or desirable in order to prevent or to cure any such failure by the Corporation. All costs and expenses incurred by the Beneficiary shall be payable by the Corporation immediately upon

demand, shall bear interest at the rate of 2% per annum over and above the interest rate announced from time to time by the Beneficiary as its “prime rate” on commercial loans (or such lower maximum amount permitted by law) from the date incurred until paid, and shall become Indebtedness secured by the lien of the Leasehold Deed of Trust.

No Change In Base Lease Terms. The Corporation shall not, without the Beneficiary’s prior written consent, (i) terminate, cancel, modify, or amend the Base Lease, or (ii) take or consent to the taking of any action with regard to the fee simple title to the Leased Property, but rather the fee title to the Leased Property and the Leasehold Estate shall always be separate and distinct as provided in Section (30). The Corporation at all times shall (x) give the Beneficiary immediate notice of any default by any party under the Base Lease and promptly deliver to the Beneficiary copies of each notice of default and all other communications, plans, specifications, and other similar instruments received or delivered by the Corporation in connection with the Base Lease, and (y) furnish to the Beneficiary such information and evidence as the Beneficiary may reasonably require in writing concerning the Corporation’s due observance, performance, and compliance with the terms, covenants, and provisions of the Base Lease. Any default of the Corporation under the Base Lease shall be and constitute an Event of Default under the Leasehold Deed of Trust.

No Merger. So long as the Leasehold Deed of Trust is in effect, there shall be no merger of the Base Lease or any interest therein nor of the Leasehold Estate with the fee estate in the Leased Property by reason of the fact that the Base Lease or such interest therein or the Leasehold Estate may be held directly or indirectly by or for the account of any person who shall hold the fee estate in the Leased Property. In case the Corporation acquires the Leased Property, the Leasehold Deed of Trust shall attach to and cover and be a lien upon the fee title or such other estate so acquired in the manner prescribed in the Leasehold Deed of Trust. The Corporation shall notify the Beneficiary of any such acquisition.

APPENDIX D

BOOK-ENTRY SYSTEM

The Depository Trust Company (“**DTC**”), New York, New York, will act as securities depository for the Series 2016 Bonds (the “**Bonds**”). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, 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. 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 instrument (from over 100 countries) that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**” and together with Direct Participants, “**Participants**”). DTC has 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 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 (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all of the 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 the 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. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor such 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 St. Louis Municipal Finance Corporation (the "**Corporation**") 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 of and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts; upon DTC's receipt of funds and corresponding detail information from the Corporation or the Trustee for the Bonds 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 for the Bonds, or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or the Trustee for the Bonds, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Corporation believes to be reliable, but the Corporation takes no responsibility for the accuracy thereof.

NEITHER THE CORPORATION NOR THE TRUSTEE FOR THE BONDS WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS.

DURING THE PERIOD THAT DTC IS THE REGISTERED OWNER OF THE BONDS, ANY REFERENCES IN THIS OFFICIAL STATEMENT TO NOTICES THAT ARE TO BE GIVEN TO OWNERS BY THE TRUSTEE FOR THE BONDS WILL BE GIVEN ONLY TO DTC. DTC WILL BE EXPECTED TO FORWARD (OR CAUSE TO BE FORWARDED) THE NOTICE TO THE PARTICIPANTS BY ITS USUAL PROCEDURES SO THAT SUCH PARTICIPANTS MAY FORWARD (OR CAUSE TO BE FORWARDED) THE NOTICES TO THE BENEFICIAL OWNERS. THE TRUSTEE FOR THE BONDS WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ASSURE THAT ANY SUCH NOTICE IS FORWARDED BY DTC TO THE PARTICIPANTS OR BY ANY PARTICIPANT TO THE BENEFICIAL OWNER. ANY FAILURE BY DTC TO ADVISE ANY PARTICIPANT, OR BY ANY PARTICIPANT TO NOTIFY THE BENEFICIAL OWNER, OR ANY SUCH NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF ANY ACTION PREMISED ON SUCH NOTICE.

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APPENDIX E

FORM OF OPINION OF BOND COUNSEL

June ___, 2016

St. Louis Municipal Finance Corporation
St. Louis, Missouri

U.S. Bank National Association, as Trustee
St. Louis, Missouri

The City of St. Louis, Missouri
St. Louis, Missouri

PNC Capital Markets LLC, as Representative of
the Underwriters
Chicago, Illinois

Re: \$5,975,000 St. Louis Municipal Finance Corporation Refuse Facility and Municipal Garage
Projects Leasehold Revenue Bonds (City of St. Louis, Missouri, Lessee), Series 2016A and

\$5,835,000 St. Louis Municipal Finance Corporation Refuse Facility Project Taxable
Leasehold Revenue Bonds (City of St. Louis, Missouri, Lessee), Series 2016B

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by St. Louis Municipal Finance Corporation (the **“Corporation”**) of its Refuse Facility and Municipal Garage Projects Leasehold Revenue Bonds (City of St. Louis, Missouri, Lessee), Series 2016A (the **“Series 2016A Bonds”**) and its Refuse Facility Project Taxable Leasehold Revenue Bonds (City of St. Louis, Missouri, Lessee), Series 2016B (the **“Series 2016B Bonds,”** and together with the Series 2016A Bonds, the **“Series 2016 Bonds”**) pursuant to a Resolution adopted by the Corporation on June 2, 2016 (the **“Resolution”**). In such capacity, we have examined such law and such certified proceedings and other documents and materials as we deem necessary to enable us to render this opinion, including the following documents:

- (a) Resolution;
- (b) Trust Indenture (the **“Indenture”**) dated as of June 1, 2016, by and between the Corporation and U.S. Bank National Association, as trustee (the **“Trustee”**);
- (c) Base Lease dated as of June 1, 2016, by and between The City of St. Louis, Missouri (the **“City”**) and the Corporation (the **“Base Lease”**);
- (d) Lease Purchase Agreement dated as of June 1, 2016, by and between the Corporation and the City (the **“Lease”**);
- (e) Leasehold Deed of Trust, Security Agreement, and Fixture Filing dated as of June 1, 2016, by the Corporation (the **“Leasehold Deed of Trust”**);
- (f) Bond Purchase Agreement dated June 10, 2016, by and among the Corporation, the City, and PNC Capital Markets LLC, as representative of the underwriters (the **“Purchase Agreement”**);
- (g) Tax Compliance Agreement dated as of June 1, 2016, by and among the Corporation, the City, and the Trustee (the **“Tax Compliance Agreement”**);

- (h) Continuing Disclosure Agreement dated as of June 1, 2016, by and between the City and U.S. Bank National Association, as dissemination agent (the “*Continuing Disclosure Agreement*”);
- (i) Closing Certificate, Request for Authentication, and Receipt of the Corporation dated as of the date hereof;
- (j) Official Statement executed by the Corporation and the City dated as of June 10, 2016; and
- (k) Such other documents and showings and related matters of law as we have deemed necessary in order to render this opinion.

In making our examination of documents, we have assumed that the parties to such documents other than the Corporation had the power to enter into and perform all obligations thereunder and have also assumed the due authorization by all requisite action and execution and delivery of such documents by all parties other than the Corporation, and have also assumed that the documents above, other than the Resolution, are valid and binding as to the parties. In giving this opinion, we have relied upon such certificates with respect to the accuracy of factual matters contained therein which were not independently established.

As to questions of fact material to this opinion, we have relied upon representations of the Corporation contained in the Resolution, the certified proceedings, and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation. We note that (i) various issues with respect to the City in connection with the Series 2016 Bonds are addressed in the opinion of the City Counselor of the City; and (ii) various issues with respect to the Corporation in connection with the Series 2016 Bonds are addressed in the opinion of the Corporation’s counsel. Except as otherwise stated herein, we express no opinion with respect to those issues. In addition, we express no opinion as to the title to or the description of the property subject to the Indenture, the Lease, the Base Lease, the Leasehold Deed of Trust, or any other documents delivered in connection therewith.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Series 2016 Bonds have been duly authorized, executed, and delivered by the Corporation and, when duly authenticated and delivered by the Trustee, will be valid and binding special obligations of the Corporation payable in accordance with the Indenture, will be entitled to the benefits and security of the Indenture, and will evidence proportionate interests in the right to receive Rentals, and Additional Rentals (as such terms are defined in the Indenture), and other revenue and receipts from the City under the Lease. Neither the Lease nor the Series 2016 Bonds constitutes an indebtedness of the Corporation, the City, or the State of Missouri (the “*State*”) or any political subdivision thereof within the meaning of any constitutional or statutory provision or limitation, and neither the full faith and credit nor the taxing power, if any, of the Corporation, the City, or the State is pledged to the payment of the Rentals or any other payments under the Lease, or to the payment of the Series 2016 Bonds.

2. The interest on the Series 2016A Bonds is excluded from gross income for federal and State income tax purposes. Such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that for purposes of computing the alternative minimum tax imposed on corporations, such interest is taken into account in determining adjusted current earnings. In addition to the foregoing exceptions, the opinions set forth in this paragraph are subject to the condition that each of the parties to the Tax Compliance Agreement complies with all requirements of the Internal Revenue Code of 1986, as amended (the

“Code”), that must be satisfied subsequent to the issuance of the Series 2016A Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal and State income tax purposes. Each of the parties to the Tax Compliance Agreement has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause interest on the Series 2016A Bonds to be included in gross income for federal and State income tax purposes retroactive to the date of issuance of the Series 2016A Bonds. We express no opinion as to whether interest on the Series 2016A Bonds is exempt from the tax imposed on financial institutions pursuant to Chapter 148 of the Revised Statutes of Missouri, as amended. The Series 2016A Bonds are not “qualified tax-exempt obligations” under Section 265(b)(3) of the Code. Interest on the Series 2016B Bonds is included in gross income for federal income tax purposes, and is not exempt from income taxation by the State, both in accordance with the owner’s method of accounting.

Except as stated in paragraph 2 above, we express no opinion regarding any other federal or state tax consequences with respect to the Series 2016 Bonds.

It is to be understood that the rights of the owners of the Series 2016 Bonds and the enforceability of the Series 2016 Bonds, the Resolution, the Base Lease, the Lease, the Leasehold Deed of Trust, the Indenture, the Purchase Agreement, the Tax Compliance Agreement, and the Continuing Disclosure Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent applicable and their enforcement may be subject to the exercise of judicial discretion in appropriate cases and by equitable principles, whether considered at law or in equity.

Except as set forth in our supplemental opinion of even date herewith, we have not been engaged or undertaken to review the accuracy, adequacy or completeness of any offering material relating to the Series 2016 Bonds, and we express no opinion relating thereto. This opinion is delivered to you for your use only and it may not be used or relied upon by, or published or communicated to, any third party for any purpose whatsoever without our prior written consent in each instance.

We call to your attention the fact that our legal opinions are an expression of professional judgment and are not a guarantee of a result.

By rendering this opinion, we do not undertake to advise you further of any changes in law or fact which may occur or come to our attention after the date hereof.

Very truly yours,

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APPENDIX F

Form of Continuing Disclosure Agreement

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CONTINUING DISCLOSURE AGREEMENT

Dated as of June 1, 2016

between

THE CITY OF ST. LOUIS, MISSOURI

and

**U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent**

St. Louis Municipal Finance Corporation

**\$5,975,000
Refuse Facility and Municipal Garage Projects
Leasehold Revenue Bonds
(City of St. Louis, Missouri, Lessee)
Series 2016A**

**\$5,835,000
Refuse Facility Project Taxable
Leasehold Revenue Bonds
(City of St. Louis, Missouri, Lessee)
Series 2016B**

CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT, dated as of June 1, 2016 (this “*Continuing Disclosure Agreement*”), is executed and delivered by The City of St. Louis, Missouri (the “*City*”) and U.S. Bank National Association, as dissemination agent (the “*Dissemination Agent*”). Capitalized terms used but not defined herein have the meanings assigned to them in the herein defined Indenture.

RECITALS

1. This Continuing Disclosure Agreement is executed and delivered in connection with the issuance by the St. Louis Municipal Finance Corporation (the “*Corporation*”) of its Refuse Facility and Municipal Garage Projects Leasehold Revenue Bonds (City of St. Louis, Missouri, Lessee), Series 2016A (the “*Series 2016A Bonds*”) and Refuse Facility Project Taxable Leasehold Revenue Bonds (City of St. Louis, Missouri, Lessee), Series 2016B (the “*Series 2016B Bonds*” and, together with the Series 2016A Bonds, the “*Bonds*”).

2. The Bonds are issued under the authority of (1) Missouri Nonprofit Corporation Act, as amended; (2) Ordinance No. 70240, adopted by the Board of Aldermen of the City on March 11, 2016, and signed by the Mayor of the City on March 21, 2016 with respect to the Bonds; and (3) a Resolution of the Board of Directors of the Corporation adopted on June 2, 2016.

3. The Bonds are issued under and secured by a Trust Indenture dated as of June 1, 2016 (the “*Indenture*”) between the Corporation and U.S. Bank National Association, as trustee (the “*Trustee*”). The Bonds are further secured by a deed of trust on the Corporation’s leasehold interest in the Leased Property (as defined in the Indenture) pursuant to the Leasehold Deed of Trust, Security Agreement, and Fixture Filing dated as of June 1, 2016 from the Corporation for the benefit of the owners and holders of the Bonds.

4. The City and the Dissemination Agent are entering into this Continuing Disclosure Agreement for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule (all as defined below). The City has determined that the City is the only “obligated person” with responsibility for continuing disclosure within the meaning of the Rule. The City acknowledges that no other party has undertaken any responsibility with respect to any reports, notices or disclosures provided or required under this Continuing Disclosure Agreement.

In consideration of the mutual covenants and agreements herein, the City and the Dissemination Agent covenant and agree as follows:

Section 1. Definitions. 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 2 and 3 of this Continuing Disclosure Agreement.

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

“Disclosure Representative” shall mean the Comptroller, on behalf of the City, or her successors or designees, or such other person as the City shall designate in writing to the Dissemination Agent from time to time.

“EMMA” means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org, or such other location as may be designated in the future by the MSRB pursuant to the Rule.

“Listed Events” means any of the events listed in Section 4(A) of this Continuing Disclosure Agreement, and includes any Material Listed Events.

“Material Listed Events” means such of the events listed in Section 4(A) of this Continuing Disclosure Agreement which requires 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, or any successor repository designated as such by the SEC in accordance with the Rule.

“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 MSRB through EMMA and filings shall be submitted solely at its website, <http://emma.msrb.org>.

“Official Statement” means the Official Statement dated June 10, 2016, relating to the issuance and sale of the Bonds.

“Participating Underwriter” means any of the original underwriter(s) of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Repository” means each National Repository and each State Repository, if any.

“Rule” means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” means the U.S. Securities and Exchange Commission.

“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 SEC. As of the date of this Continuing Disclosure Agreement, there is no State Repository.

Unless the context clearly indicates otherwise, words used in the singular include the plural and words used in the plural include the singular.

Section 2. Provision of Annual Reports.

A. The City shall, or shall cause the Dissemination Agent to, not later than two hundred ten (210) days (if the 210th day is not a Business Day, then the next succeeding Business Day) after the end of the City’s Fiscal Year (presently June 30) commencing with the report for the Fiscal Year ending June 30, 2016, provide to each Repository an Annual Report which is consistent with the requirements of Section 3(A) and (B) of this Continuing Disclosure Agreement. The City shall, or

shall cause the Dissemination Agent to, not later than two hundred seventy (270) days (if the 270th day is not a Business Day then the next succeeding Business Day) after the end of each calendar year (December 31) commencing with the calendar year ending December 31, 2016, provide to each Repository the information consistent with the requirement of Section 3(C) of this Continuing Disclosure Agreement. In each case, the Annual Report may be submitted as a single document or as separate documents, and may cross-reference other information as provided in Section 3 of this Continuing 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 4(A) of this Continuing 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, in PDF format, word-searchable, 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 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 specified in Subsection A above, the Dissemination Agent shall send to each Repository timely notice of such 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 to the Repositories 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 certifying that the Annual Report has been provided pursuant to this Continuing 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 ninety (90) days and again not later than thirty (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 the Repositories.

Section 3. Content of Annual Reports.

The City's Annual Report will contain or incorporate by reference the following:

(A) Audited financial statements of the City for the prior Fiscal Year, in a format similar to the financial statements contained in the Official Statement, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Governmental Accounting

Standards Board (“GASB”) and all statements and interpretations issued by the Financial Accounting Standards Board which are not in conflict with the statements issued by GASB, provided, however, that the City may from time to time, in order to comply with federal or State legal requirements, modify the basis upon which such financial statements are provided. Notice of any such modification shall be provided to the MSRB and shall include a reference to the applicable law or requirement describing such accounting basis. If the City’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to this Continuing Disclosure Agreement, the Annual Report may contain unaudited financial statements in a format similar to the financial statements contained in the Annual Report for the prior Fiscal Year, and the audited financial statements will be filed in the same manner as the Annual Report when they become available.

(B) Financial information and operating data of the City updated for the prior Fiscal Year in substantially the scope and form contained in the tables in Appendix A to the Official Statement under the captioned headings:

- (a) “FINANCIAL MANAGEMENT AND EXPENDITURE CONTROLS – General Revenue Fund Expenditures”;
- (b) “GENERAL REVENUE RECEIPTS – General Revenue Fund Receipts by Category,” “– Earnings Tax,” “– Payroll Taxes,” “– Franchise Tax,” “– Sales and Use Tax,” “– Gross Receipts Tax,” “– Motor Vehicle Sales Tax,” “– Other Taxes,” “– License Fees,” “– Departmental Receipts” and “– Operating Transfers”; and
- (c) “INSURANCE.”

(C) Financial information and operating data of the City updated for the prior Calendar Year in substantially the scope and form contained in the tables in Appendix A to the Official Statement under the captioned heading “GENERAL REVENUE RECEIPTS – Real and Personal Property Taxes.”

Any or all of the items listed in 3(A), (B) and (C) 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 4. Reporting of Listed 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 Bonds, in a timely manner not in excess of ten (10) 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 Bondholders, if material;
- 4. 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 Bonds, or other material events affecting the tax status of the 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 Bonds, if material;
12. bankruptcy, insolvency, receivership or similar event of the City;
13. the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, 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. Whenever the City obtains knowledge of the occurrence of a Listed Event requiring a determination of materiality, as set forth in Subsection A above, the City shall as soon as possible determine if such event is a Material Listed Event.

C. 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 that 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.

D. The Dissemination Agent shall file a notice of all Listed Events within the timeframe set forth in Subsection A above with the National Repository and each State Repository, if any, with a copy to the City.

Section 5. 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 Continuing Disclosure Agreement with respect to that Annual Report or Listed Event.

Section 6. Termination of Reporting Obligations. The City's and the Dissemination Agent's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all the Bonds. If the City's obligations under this Continuing Disclosure Agreement are assumed in full by another entity, such entity shall be responsible for compliance with this Continuing 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 Bonds, the City shall give notice of such termination or substitution in the same manner as for a Listed Event under Section 4(A) of this Continuing Disclosure Agreement. This Continuing Disclosure Agreement shall also terminate upon (i) the Rule being withdrawn, retroactively repealed, or having been found by a court of competent jurisdiction to be invalid in a non-appealable action; or (ii) receipt by the Dissemination Agent, the Trustee (if the Dissemination Agent is not the Trustee), and the City of an opinion of counsel of nationally recognized expertise in matters relating to securities laws affecting municipal securities to the effect that the Rule is no longer applicable to the Bonds.

Section 7. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the City shall not have any obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 8. Amendment; Waiver.

Notwithstanding any other provision of this Continuing Disclosure Agreement, the City and the Dissemination Agent may amend this Continuing 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 Continuing Disclosure Agreement may be waived, provided that the following conditions are satisfied:

A. If the amendment or waiver relates to the provisions of Sections 3A or 4A of this Continuing 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 Bonds, or the type of business conducted;

B. The undertaking, as amended or taking into account such waiver, should, in the opinion of counsel to the Participating Underwriters, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

C. The amendment or waiver, in the written Opinion of Bond Counsel for the Bonds, does not materially impair the interests of the Bondholders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the City shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact

on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the 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 4(A) of this Continuing 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 9. Default.

The City acknowledges that in the event of a failure of the City or the Dissemination Agent to comply with any provision of this Continuing 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 Bonds, shall), or any Bondholder or Beneficial Owner of at least 25% aggregate principal amount of the 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 Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement shall not be deemed to be an Event of Default under the Indenture or with respect to the Bonds, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the City or the Dissemination Agent to comply with this Continuing Disclosure Agreement shall be action to compel performance.

Section 10. Duties, Immunities and Liabilities of Dissemination Agent.

The Dissemination Agent at the time acting hereunder may at any time resign by giving not less than sixty (60) days' written notice to the City specifying the date when such resignation will take effect. No such resignation shall take effect unless a successor Dissemination Agent shall have been appointed by the City. If no successor Dissemination Agent has been appointed within sixty (60) days of the notice, the Dissemination Agent may petition a court of competent jurisdiction to have a successor Dissemination Agent appointed.

The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement, and, to the extent permitted by applicable law, the City agrees to indemnify and save 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 attorney's fees and expenses) of defending against any claim of liability as it relates to the City, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct.

The Dissemination Agent shall not be responsible for the content of any notice or information provided by the City to the Dissemination Agent for filing or the City's failure to submit a complete Annual Report. The Dissemination Agent shall not be responsible for ensuring the compliance with any rule or regulation of the City or Participating Underwriter in connection with the filings of information herein, but is merely responsible for the filing of any such information provided to the Dissemination Agent by the City. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Bondholder or any other party

The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the City, apart from the relationship created by the Rule shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the City.

Nothing in this Continuing Disclosure Agreement shall be construed to require the Dissemination Agent to interpret or provide an opinion concerning any information made public. If the Dissemination Agent receives a request for an interpretation or opinion, the Dissemination Agent may refer such request to the City for response.

The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The ordinary fees, charges, and expenses of the Dissemination Agent in connection with its administration of this Continuing Disclosure Agreement shall be paid as provided in the Indenture.

Section 11. Notices. Any notices or communications between the parties to this Continuing Disclosure Agreement may be given by registered or certified mail, return receipt requested, or by confirmed facsimile, or delivered in person or by overnight courier, and will be deemed given on the second day following the date on which the notice or communication is so mailed, as follows:

To the City:	The City of St. Louis, Missouri City Hall West 1520 Market Street, Room 3005 St. Louis, Missouri 63103 Attention: Kelley Anderson, Esq., Special Assistant to the Comptroller Telephone: (314) 612-1467 Facsimile: (314) 622-4026
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With a copy to:	The City of St. Louis, Missouri City Hall, Room 314 1200 Market Street St. Louis, Missouri 63103 Attention: City Counselor Telephone: (314) 622-4078 Facsimile: (314) 622-4956
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To the Dissemination Agent:	U.S. Bank N.A. Global Corporate Trust Services One U.S. Bank Plaza SL-MO-T3CT St. Louis, Missouri 63101 Telephone: (314) 418-2465 Facsimile: (314) 418-1225
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Any person may, by written notice to the other persons listed above, designate a different address, telephone number(s) or facsimile number(s) to which subsequent notices or communications should be sent.

Section 12. Beneficiaries. This Continuing Disclosure Agreement shall inure solely to the benefit of the City, the Trustee, the Dissemination Agent, the Participating Underwriters, and the Bondholders and the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Continuing 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 14. Governing Law; Venue. This Continuing Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of Missouri. Any action under this Continuing Disclosure Agreement shall be filed in the 22nd Judicial Circuit of the State of Missouri (City of St. Louis) or in the United States District Court for the Eastern District of Missouri.

Section 15. Severability. If any provision in this Continuing 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 16. Captions. The captions or headings in this Continuing 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 Continuing Disclosure Agreement.

Section 17. 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 suit in the appropriate court of law.

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IN WITNESS WHEREOF, The City of St. Louis, Missouri, has caused this Continuing Disclosure Agreement to be signed in its name and on its behalf and its corporate seal to be hereunto affixed and attested by its duly elected officials and/or authorized officers, all as of the day and year first above written.

[SEAL]

THE CITY OF ST. LOUIS, MISSOURI

By: _____
Francis G. Slay, Mayor

By: _____
Darlene Green, Comptroller

[SEAL]

ATTEST

By: _____
Parrie L. May, Register

APPROVED AS TO FORM:

By: _____
Michael Garvin, Interim City Counselor

[Continuing Disclosure Agreement]

IN WITNESS WHEREOF, U.S. Bank National Association, as Dissemination Agent, has caused this Continuing Disclosure Agreement to be signed in its name and on its behalf by one of its duly authorized officers as of the day first above written.

U.S. BANK NATIONAL ASSOCIATION, as
Dissemination Agent

By: Cheryl Rain
Vice President

[Continuing Disclosure Agreement]

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: St. Louis Municipal Finance Corporation

Name of Obligor: The City of St. Louis, Missouri (the “City”)

Name of Bonds: \$5,975,000 Refuse Facility and Municipal Garage Projects
Leasehold Revenue Bonds (City of St. Louis, Missouri, Lessee),
Series 2016A

\$5,835,000 Refuse Facility Project
Taxable Leasehold Revenue Bonds (City of St. Louis, Missouri,
Lessee), Series 2016B

Date of Issuance: June __, 2016

NOTICE IS HEREBY GIVEN that the City has not filed an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of June 1, 2016, between the City and U.S. Bank National Association, 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: _____, ____

U.S. Bank National Association, as Dissemination Agent
on behalf of The City of St. Louis, Missouri

cc: The City of St. Louis, Missouri

