

NEW ISSUE: BOOK-ENTRY ONLY

RATINGS: (See "RATINGS" herein)

In the opinion of Co-Bond Counsel, under existing law and assuming compliance with the tax covenants described herein and the accuracy of certain representations and certifications made by the City and the Corporation described herein, interest on the Series 2017 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Co-Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2017 Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. Co-Bond Counsel is further of the opinion that, under existing law and assuming that interest on the Series 2017 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code, interest on the Series 2017 Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from Missouri taxable income for the purposes of the personal income tax and corporate income tax imposed by the State of Missouri. See "TAX MATTERS" herein regarding certain other tax considerations.

\$38,615,000**ST. LOUIS MUNICIPAL FINANCE CORPORATION****\$19,535,000**

**Police Capital Improvements Sales Tax
Leasehold Refunding Revenue Bonds
(City of St. Louis, Missouri, Lessee)
Series 2017A**

\$19,080,000

**Juvenile Detention Center
Leasehold Refunding Revenue Bonds
(City of St. Louis, Missouri, Lessee)
Series 2017B**

Dated: Date of Delivery**Due: February 15 or June 1, as shown in the inside cover**

The St. Louis Municipal Finance Corporation (the "**Corporation**") is issuing its \$19,535,000 Police Capital Improvements Sales Tax Leasehold Refunding Revenue Bonds (City of St. Louis, Missouri, Lessee) Series 2017A (the "**Series 2017A Bonds**"), and the \$19,080,000 Juvenile Detention Center Leasehold Refunding Revenue Bonds (City of St. Louis, Missouri, Lessee) Series 2017B (the "**Series 2017B Bonds**," and together with the Series 2017A Bonds, the "**Series 2017 Bonds**") pursuant to two separate indentures, as described below.

The Series 2017A Bonds will be issued under and secured by an Indenture of Trust dated as of December 1, 2007, by and between the Corporation and UMB Bank, N.A., St. Louis, Missouri, as trustee (the "**2017A Trustee**"), as amended and supplemented from time to time including by the Third Supplemental Indenture, dated as of June 1, 2017 (the "**Series 2017A Indenture**"). The Series 2017B Bonds will be issued under and secured by a Trust Indenture dated as of June 1, 2008, by and between the Corporation and UMB Bank, N.A., St. Louis, Missouri, as trustee (the "**2017B Trustee**" and together with its capacity as the 2017A Trustee, (the "**Trustee**"), as amended and supplemented from time to time including by the First Supplemental Indenture dated as of June 1, 2017 (the "**Series 2017B Indenture**" and together with the Series 2017A Indenture, the "**Indentures**").

The proceeds of the Series 2017A Bonds will be used to refund the portion of the Corporation's Police Capital Improvement Sales Tax Leasehold Revenue Bonds, Series 2007 (City of St. Louis, Missouri, Lessee) maturing February 15, 2019 through and including February 15, 2037 (the "**Refunded Series 2007 Bonds**"). The proceeds of the Series 2017B Bonds will be used to refund a portion of the Corporation's Tax-Exempt Juvenile Detention Center Leasehold Revenue Bonds (City of St. Louis, Missouri, Lessee) Series 2008B maturing June 1, 2019 through and including June 1, 2038 (the "**Refunded Series 2008B Bonds**"). A portion of the proceeds of each Series of Series 2017 Bonds will also be used to provide funding for a debt service reserve fund, if any, and/or credit enhancement for either or both series of Series 2017 Bonds and to pay costs of issuance of the Series 2017 Bonds.

The Series 2017 Bonds and the interest thereon shall be special, limited obligations of the Corporation payable solely out of the Rentals, Additional Rentals (as described herein) and certain other revenues, moneys and receipts derived by the Corporation pursuant to the Series 2017A Lease or the Series 2017B Lease as applicable, and are secured by a pledge and assignment of the respective Trust Estate (as described herein) to the 2017A Trustee pursuant to the Series 2017A Indenture and to the 2017B Trustee pursuant to the Series 2017B 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 Indentures or the Leases for anything done or omitted to be done by the Corporation or the City thereunder. **THE SERIES 2017 BONDS AND 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 SERIES 2017 BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE SERIES 2017A BONDS AND THE SERIES 2017B BONDS ARE EACH FURTHER SECURED BY A RESPECTIVE LEASEHOLD DEED OF TRUST (AS DESCRIBED HEREIN), THE LIEN OF WHICH SHALL ENCUMBER THE CORPORATION'S LEASEHOLD INTEREST IN THE 2017A LEASED PROPERTY OR THE 2017B LEASED PROPERTY (AS DESCRIBED HEREIN), AS APPLICABLE.** The obligation of the City to pay Rentals and Additional Rentals is subject to annual appropriation by the St. Louis Board of Aldermen. **THE CORPORATION HAS NO TAXING POWER.** See "**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS.**"

The Series 2017 Bonds are issuable only as fully registered bonds, and, when issued, will be registered in the name of Cede & Co or other such name as may be requested by an authorized representative of The Depository Trust Company, New York, New York ("**DTC**"). Purchases of the Series 2017 Bonds will be made in book-entry form in denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof. See Appendix E "**BOOK-ENTRY SYSTEM**" herein.

Principal of the Series 2017 Bonds will be payable as set forth on the inside front cover of this Official Statement. The Series 2017A Bonds will bear interest from their dated date, payable beginning February 15, 2018, and semiannually thereafter on August 15 and February 15 of each year. The Series 2017B Bonds will bear interest from their dated date, payable beginning December 1, 2017, and semiannually thereafter on June 1 and December 1 of each year. **See the inside cover page for maturities, principal amounts, interest rates, prices, yields, and CUSIP numbers.**

The purchase of the Series 2017 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 2017 Bonds. See "**BONDHOLDERS' RISKS**" herein.

The Series 2017 Bonds shall be subject to optional and extraordinary redemption prior to maturity as more fully described herein.

The scheduled payment of principal of and interest on the Series 2017A Bonds maturing on February 15 of the years 2021 through 2037, inclusive, and the Series 2017B Bonds maturing on June 1 of the years 2021 through 2038, inclusive (the "**Insured Bonds**") when due will be guaranteed under insurance policies to be issued concurrently with the delivery of the Insured Bonds by Assured Guaranty Municipal Corp. See "**BOND INSURANCE**" herein.



This cover page contains information for reference only. It is not a complete summary of the Series 2017 Bonds. Investors must read the entire Official Statement, including Appendices hereto to obtain information essential to making an informed investment decision.

The Series 2017 Bonds are offered when, as and if issued by the Corporation, subject to prior sale, withdrawal or modification of the offer without notice, and subject to the approval of the validity of the Series 2017 Bonds by White Goss, a Professional Corporation, Kansas City, Missouri, and Polsinelli PC, St. Louis, Missouri, Co-Bond Counsel, and certain other conditions referred to herein. Certain legal matters will be passed upon for the City by Schiff Hardin LLP, New York, New York, Disclosure Counsel to the City. Certain legal matters will be passed upon for the Corporation and the City by the Office of the City Counselor. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Hardwick Law Firm, LLC, St. Louis, Missouri, and Bryan Cave LLP, St. Louis, Missouri. It is expected that the Series 2017 Bonds will be available for delivery through DTC, in New York, New York on or about June 29, 2017.

Stern Brothers & Co.
BofA Merrill Lynch

J.P. Morgan

Loop Capital Markets
PNC Capital Markets LLC

The date of this Official Statement is June 22, 2017.

\$19,535,000
ST. LOUIS MUNICIPAL FINANCE CORPORATION
Police Capital Improvements Sales Tax Leasehold Refunding Revenue Bonds
(City of St. Louis, Missouri, Lessee)
Series 2017A

Serial Bonds

Maturity (February 15)	Principal	Interest Rate	Price	Yield	CUSIP[†]
2018	\$260,000	3.000%	101.027%	1.350%	79165PAX7
2019	310,000	3.000	102.337	1.540	79165PAY5
2020	315,000	4.000	105.990	1.660	79165PAZ2
2021 ¹	730,000	4.000	108.167	1.670	79165PBA6
2022 ¹	755,000	5.000	114.098	1.810	79165PBB4
2023 ¹	795,000	5.000	116.006	1.980	79165PBC2
2024 ¹	835,000	5.000	117.853	2.100	79165PBD0
2025 ¹	880,000	5.000	119.250	2.240	79165PBE8
2026 ¹	920,000	5.000	119.891	2.430	79165PBF5
2027 ¹	970,000	5.000	120.701	2.560	79165PBG3
2028 ¹	1,015,000	5.000	119.195	2.720 ^c	79165PBH1
2029 ¹	1,070,000	5.000	118.080	2.840 ^c	79165PBJ7
2030 ¹	1,120,000	5.000	117.161	2.940 ^c	79165PBK4
2031 ¹	1,175,000	5.000	116.250	3.040 ^c	79165PBL2
2032 ¹	1,235,000	5.000	115.617	3.110 ^c	79165PBM0
2033 ¹	1,295,000	5.000	114.988	3.180 ^c	79165PBN8
2034 ¹	1,365,000	5.000	114.453	3.240 ^c	79165PBP3
2035 ¹	1,435,000	5.000	114.009	3.290 ^c	79165PBQ1
2036 ¹	1,500,000	3.500	98.248	3.630	79165PBR9
2037 ¹	1,555,000	3.550	98.466	3.660	79165PBS7

^c Yield calculated to the first optional redemption date (February 15, 2027).

[†] 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 2017 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 2017 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 2017 Bonds.

¹ Insured maturity. See "BOND INSURANCE" herein.

\$19,080,000
ST. LOUIS MUNICIPAL FINANCE CORPORATION
Juvenile Detention Center Leasehold Refunding Revenue Bonds
(City of St. Louis, Missouri, Lessee)
Series 2017B

Serial Bonds

Maturity (June 1)	Principal	Interest Rate	Price	Yield	CUSIP[†]
2019	\$610,000	3.000%	102.677%	1.580%	79165TSR3
2020	630,000	3.000	103.718	1.690	79165TSS1
2021 ¹	645,000	4.000	108.650	1.710	79165TST9
2022 ¹	675,000	4.000	110.020	1.860	79165TSU6
2023 ¹	700,000	5.000	116.553	2.020	79165TSV4
2024 ¹	740,000	5.000	118.308	2.140	79165TSW2
2025 ¹	770,000	5.000	119.450	2.300	79165TSX0
2026 ¹	815,000	5.000	120.057	2.480	79165TSY8
2027 ¹	850,000	5.000	120.966	2.590	79165TSZ5
2028 ¹	895,000	5.000	119.420	2.750 ^c	79165TTA9
2029 ¹	940,000	5.000	118.276	2.870 ^c	79165TTB7
2030 ¹	985,000	5.000	117.426	2.960 ^c	79165TTC5
2031 ¹	1,040,000	5.000	116.677	3.040 ^c	79165TTD3
2032 ¹	1,085,000	5.000	116.026	3.110 ^c	79165TTE1
2033 ¹	1,145,000	5.000	115.380	3.180 ^c	79165TTF8
2034 ¹	1,200,000	5.000	114.829	3.240 ^c	79165TTG6
2035 ¹	1,255,000	5.000	114.373	3.290 ^c	79165TTH4
2036 ¹	1,320,000	3.500	98.229	3.630	79165TTJ0
2037 ¹	1,365,000	3.550	98.451	3.660	79165TTK7
2038 ¹	1,415,000	3.550	98.112	3.680	79165TTL5

^c Yield calculated to the first optional redemption date (June 1, 2027).

[†] 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 2017 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 2017 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 2017 Bonds.

¹ Insured maturity. See "BOND INSURANCE" herein.

This Official Statement is provided in connection with the initial offering and sale of the Series 2017 Bonds referred to herein and may not be reproduced or be 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 or 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 shall there be any sale of the Series 2017 Bonds by any person in any state in which it is unlawful for such person to make such offer, solicitation or sale.

The information and expressions of opinion herein speak as of their date unless otherwise noted and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the 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 2017 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, in reliance upon an exemption contained in such act. The registration or qualification of the Series 2017 Bonds in accordance with applicable provisions of securities laws of any states in which the Series 2017 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 2017 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 2017 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 Corporation’s or 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 “**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.

Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the Series 2017 Bonds or the advisability of investing in the Series 2017 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under “**BOND INSURANCE**” and “**APPENDIX G - Specimen Municipal Bond Insurance Policy.**”

THE CITY OF ST. LOUIS, MISSOURI

ELECTED OFFICIALS

Lyda Krewson, Mayor
Darlene Green, Comptroller
Lewis Reed, President of the Board of Aldermen
Tishaura O. Jones, Treasurer

BOARD OF ALDERMEN

Sharon Tyus – Ward 1	Sarah Martin – Ward 11	John Collins-Muhammad – Ward 21
Dionne Flowers – Ward 2	Larry Arnowitz – Ward 12	Jeffrey L. Boyd – Ward 22
Brandon Bosley – Ward 3	Beth Murphy – Ward 13	Joseph Vaccaro – Ward 23
Samuel L. Moore – Ward 4	Carol Howard – Ward 14	Scott Ogilvie – Ward 24
Tammika Hubbard – Ward 5	Megan E. Green – Ward 15	Shane Cohn – Ward 25
Christine Ingrassia – Ward 6	Tom Oldenburg – Ward 16	Frank Williamson – Ward 26
John J. Coatar – Ward 7	Joseph D. Roddy – Ward 17	Pam Boyd – Ward 27
Stephen Conway – Ward 8	Terry Kennedy – Ward 18	Vacant – Ward 28
Dan Guenther – Ward 9	Marlene E. Davis – Ward 19	
Joseph Vollmer – Ward 10	Cara Spencer – Ward 20	

BOARD OF ESTIMATE AND APPORTIONMENT

Lyda Krewson, Mayor
Darlene Green, Comptroller
Lewis E. Reed, President of the Board of Aldermen

OTHER CITY REPRESENTATIVES

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

CO-BOND COUNSEL

White Goss, a Professional Corporation
Kansas City, Missouri

Polsinelli PC
St. Louis, Missouri

MUNICIPAL ADVISOR

PFM Financial Advisors LLC,
Philadelphia, Pennsylvania

TRUSTEE, PAYING AGENT AND BOND REGISTRAR

UMB Bank, N.A.
St. Louis, Missouri

TREASURER'S MUNICIPAL ADVISOR

Comer Capital Group, LLC
Jackson, Mississippi

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APPENDIX C – Definitions of Words and Terms and Summaries of Certain Provisions of the Legal
Documents

APPENDIX D – Book-Entry System

APPENDIX E – Form of Opinion of Co-Bond Counsel

APPENDIX F – Form of Continuing Disclosure Agreement

APPENDIX G – Specimen Bond Insurance Policy

OFFICIAL STATEMENT

Relating to

\$19,535,000
Police Capital Improvements Sales Tax
Leasehold Refunding Revenue Bonds
(City of St. Louis, Missouri, Lessee)
Series 2017A

\$19,080,000
Juvenile Detention Center
Leasehold Refunding Revenue Bonds
(City of St. Louis, Missouri, Lessee)
Series 2017B

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 - “Definitions of Words and Terms and Summaries of Certain Provisions of the Legal Documents.”***

The information in this section is furnished solely to provide limited introductory information regarding the terms of the \$19,535,000 Police Capital Improvements Sales Tax Leasehold Refunding Revenue Bonds (City of St. Louis, Missouri, Lessee) Series 2017A (the “**Series 2017A Bonds**”), and the \$19,080,000 Juvenile Detention Center Leasehold Refunding Revenue Bonds (City of St. Louis, Missouri, Lessee) Series 2017B (the “**Series 2017B Bonds**,” and together with the Series 2017A Bonds, the “**Series 2017 Bonds**”), issued by the herein defined Corporation and does not purport to be comprehensive. Such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Official Statement, including the cover page and the Appendices hereto.

Each series of the Series 2017 Bonds will be issued independently under separate authorizing documents. Both series of the Series 2017 Bonds need not be delivered in order to consummate the delivery of the remaining series.

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

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 issuer of the Series 2017 Bonds is the St. Louis Municipal Finance Corporation (the “**Corporation**”), a nonprofit corporation duly organized and existing under Chapter 355 RSMo., the Missouri Nonprofit Corporation Act (the “**Nonprofit Corporation Act**”), as amended to date. See “**THE CORPORATION**” herein.

Authorization for the Series 2017 Bonds

The Series 2017 Bonds are issued under the authority of the laws and Constitution of the State of Missouri (the “**State**”), Ordinance No. 70521, adopted by the Board of Aldermen of the City on January 20, 2017, and approved by the Mayor on March 2, 2017 (the “**Ordinance**”); and a resolution of the Board of Directors of the Corporation adopted on June 6, 2017 (the “**Corporation Resolution**”).

The Series 2017A Bonds will be issued under and secured by a Indenture of Trust dated as of December 1, 2007, by and between the Corporation and UMB Bank, N.A., St. Louis, Missouri, as trustee (the “**2017A Trustee**”, as amended and supplemented from time to time including by the Third Supplemental Indenture of Trust, dated as of June 1, 2017 (the “**Series 2017A Indenture**”).

The Series 2017B Bonds will be issued under and secured by a Trust Indenture dated as of June 1, 2008, by and between the Corporation and UMB Bank, N.A., St. Louis, Missouri, as trustee (the “**2017B Trustee**” and together with its capacity as the 2017A Trustee, the “**Trustee**”), as amended and supplemented from time to time including by the First Supplemental Indenture of Trust dated as of June 1, 2017 (the “**Series 2017B Indenture**,” and collectively with the Series 2017A Indenture, the “**Indentures**”).

Purposes of the Series 2017 Bonds

The proceeds of the Series 2017A Bonds will be used primarily to refund the portion of the Corporation’s Police Capital Improvements Sales Tax Leasehold Revenue Bonds, Series 2007 (City of St. Louis, Missouri, Lessee) maturing February 15, 2019 through and including February 15, 2037 (the “**Refunded Series 2007 Bonds**”).

The proceeds of the Series 2017B Bonds will be used primarily to refund the portion of the Corporation’s Tax-Exempt Juvenile Detention Center Leasehold Revenue Bonds (City of St. Louis, Missouri, Lessee) Series 2008B maturing from June 1, 2019 through June 1, 2038 (the “**Refunded Series 2008B Bonds**”, and collectively with the Refunded Series 2007 Bonds, the “**Refunded Bonds**”).

In addition, the proceeds of the Series 2017A Bonds and the Series 2017B Bonds will be used (i) to provide funding for credit enhancement for each respective series of the Series 2017 Bonds; and (ii) pay reasonable expenses incurred by the Corporation and the City in connection with the issuance and sale of the Series 2017 Bonds. For additional information on the use of the proceeds of the Series 2017 Bonds, see “**ESTIMATED SOURCES AND USES OF FUNDS**” herein.

Security and Sources of Payment for the Series 2017 Bonds

The Series 2017 Bonds and the interest thereon are special, limited obligations of the Corporation payable solely out of the applicable Rentals, applicable Additional Rentals and certain other revenues, moneys, and receipts derived by the Corporation pursuant to the Series 2017A Lease (as described herein) or the Series 2017B Lease (as described herein), as applicable, and funds on deposit in the respective Reserve Accounts (as described herein) and are secured by a pledge and assignment of the respective Trust Estate to the Trustee pursuant to the Series 2017A Indenture or the Series 2017B Indenture, as applicable.

THE SERIES 2017 BONDS AND THE INTEREST THEREON SHALL NOT BE A DEBT OF THE CITY, THE CORPORATION, THE STATE, OR ANY INSTRUMENTALITY THEREOF AND NONE OF THE CITY, THE CORPORATION, THE STATE, OR ANY INSTRUMENTALITY THEREOF SHALL BE LIABLE THEREON, AND THE SERIES 2017 BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. 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 INDENTURES OR THE LEASES (AS DESCRIBED HEREIN) FOR ANYTHING DONE OR OMITTED TO BE DONE BY THE CORPORATION OR THE CITY THEREUNDER.

The Series 2017A Bonds and Series 2017B Bonds are entirely separately secured. The Series 2017A Bonds and Series 2017B Bonds are not issued or secured on a parity basis or cross collateralized. There is no pooling of security between the Series 2017A Bonds and Series 2017B Bonds, and a default with respect to one series will not affect the other series. Each separate series of the Series 2017 Bonds offered hereby shall be issued under the terms of the related Indenture.

Series 2017A Bonds.

Pursuant to the Series 2017A Base Lease (as described herein), the City has leased to the Corporation a leasehold interest in the 2017A Leased Property (as described herein).

Pursuant to the Series 2017A Lease (as described herein), the Corporation will sublease the 2017A Leased Property (as described herein) to the City and, in consideration thereof, the City shall, subject to annual appropriation, as further described herein, pay to the Corporation amounts sufficient for the payment of principal of and interest on the 2017A Bonds (the “**2017A Rentals**”) and additional amounts due under the Series 2017A Lease (the “**2017A Additional Rentals**”). See “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Series 2017A Bonds**” herein.

While the City intends to use the portion of the proceeds of the Capital Improvement Sales Tax deposited to the Police Capital Improvements Account (the “Police Capital Improvement Sales Tax”, as described herein) as the primary source of funds to be appropriated to pay debt service on the Series 2017A Bonds, the City may appropriate funds to make payments of 2017A Rentals and 2017A Additional Rentals from any legally available source. See “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Capital Improvement Sales Tax**” herein. **Such Police Capital Improvement Sales Tax is not subject to a pledge for such purpose, and the City has no obligation to appropriate any portion of the receipts from such Police Capital Improvement Sales Tax to pay such Rentals or Additional Rentals with respect to the Series 2017A Bonds.** Pursuant to the Series 2017A Lease, the City has covenanted and agreed that during each fiscal year of the City, which currently begins on July 1 (the “**Fiscal Year**”), or portion thereof in which the Series 2017A Bonds remain outstanding, it will not use revenues from the Police Capital Improvement Sales Tax for any purpose other than payment of 2017A Rentals and 2017A Additional Rentals with respect to the Series 2017A Bonds and certain debt service payments unless payments of such Rentals and Additional Rentals or debt service have otherwise been provided. See “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Series 2017A Bonds – Capital Improvement Sales Tax.**”

The Series 2017A Bonds are further secured by a Deed of Trust and Security Agreement dated as of December 1, 2007, as amended and supplemented from time to time, including by the Series 2017A Third Supplemental Deed of Trust and Security Agreement (collectively, the “**Series 2017A Leasehold Deed of Trust**”), the lien of which shall encumber the Corporation’s leasehold interest in the 2017A Leased Property. See “**SECURITIES AND SOURCES OF PAYMENT FOR THE SERIES 2017A BONDS – Series 2017A Bonds**” and “**SUMMARIES OF LEGAL DOCUMENTS**” set forth in **Appendix C** hereto.

Series 2017B Bonds.

Pursuant to the Series 2017B Base Lease (as described herein), the City has leased to the Corporation a leasehold interest in the 2017B Leased Property (as described herein).

Pursuant to the Series 2017B Lease (as described herein), the Corporation will sublease the 2017B Leased Property (as described herein) to the City and, in consideration thereof, the City shall, subject to annual appropriation, as further described herein, pay to the Corporation amounts sufficient for the payment of principal of and interest on the 2017B Bonds (the “**2017B Rentals**”) and additional amounts due under the Series 2017B Lease (the “**2017B Additional Rentals**”). See “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Series 2017B Bonds**” herein.

The Series 2017B Bonds are further secured by a Leasehold Deed of Trust, Security Agreement and Fixture Filing, dated as of June 1, 2008, as amended and supplemented by the Series 2017B First Supplemental Leasehold Deed of Trust (collectively, the “**Series 2017B Leasehold Deed of Trust**”), the lien of which shall encumber the Corporation’s leasehold interest in the 2017B Leased Property. See “**SECURITIES AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Series 2017B Bonds**” and “**Summaries of Legal Documents**” set forth in **Appendix C** hereto.

Bond Insurance Policy

Concurrently with the issuance of the Series 2017 Bonds, Assured Guaranty Municipal Corp. (“**AGM**”) will issue its municipal bond insurance policy for the Series 2017A Bonds (the “**Series 2017A Bond Insurance Policy**”) and its municipal bond insurance policy for the Series 2017B Bonds (the “**Series 2017B Bond Insurance Policy**,” and together with the Series 2017A Bond Insurance Policy, collectively, the “**Bond Insurance Policy**”). The Bond Insurance Policy guarantees the scheduled payment of principal of and interest on the Series 2017A Bonds maturing on February 15 of the years 2021 through 2037, inclusive, and the Series 2017B Bonds maturing on June 1 of the years 2021 through 2038, inclusive (the “**Insured Bonds**”), when due as set forth in the form of the Bond Insurance Policy included as **APPENDIX G** to this Official Statement. See “**SECURITY FOR THE BONDS – Bond Insurance Policy**” and “**BOND INSURANCE**” herein.

Continuing Disclosure

The City and UMB Bank, N.A., St. Louis, Missouri, as Dissemination Agent (the “**Dissemination Agent**”), will enter into a Continuing Disclosure Agreement dated as of June 1, 2017 (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 2017 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

Capitalized terms used and not defined herein are defined in the Definitions of Words and Terms and Summaries of Certain Provisions of the Legal Documents included in **APPENDIX C** to this Official Statement. Summaries of the Series 2017A Indenture and the Series 2017B Indenture (collectively, the “**Indentures**”), the Series 2017A Base Lease and the Series 2017B Base Lease (collectively, the “**Base Leases**”), the Series 2017A Lease and the Series 2017B Lease (collectively, the “**Leases**”) and the Series 2017A Leasehold Deed of Trust and the Series 2017B Leasehold Deed of Trust, (collectively, the

“**Leasehold Deeds of Trust**”), and certain other matters are set forth in **APPENDIX C** to this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Indentures, the Base Leases, the Leases, the Leasehold Deeds of Trust, the Tax Compliance Agreement and the Continuing Disclosure Agreement are qualified in their entirety by reference to such documents. Copies of the definitive form, as applicable, of such documents may be reviewed prior to delivery of the Series 2017 Bonds at the offices of the City’s Comptroller, 1200 Market Street, Room 212, St. Louis, Missouri 63103, and following delivery of the Series 2017 Bonds at the office of the Trustee, UMB Bank, N.A., St. Louis, Missouri, 2 South Broadway, Suite 600, St. Louis, Missouri 63102, or will be provided to any prospective purchaser requesting the same, upon payment by such prospective purchaser of any cost of complying with such request.

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 Co-Bond Counsel, White Goss, a Professional Corporation, Kansas City, Missouri, and Polsinelli PC, St. Louis, Missouri, is included as **APPENDIX E – “Form of Opinion of Co-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 2017 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 or subleasing to the City real property and any improvements thereon and personal property for use by the City. In furtherance of its purposes and objectives, the Corporation may borrow money, invest, disburse funds and issue bonds. Neither the Board of Directors of the Corporation (the “**Board of Directors**”), nor any person executing the Series 2017 Bonds is personally liable on such Series 2017 Bonds by reason of the issuance of the Series 2017 Bonds. The Series 2017 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 Leases, the Leases, the Leasehold Deeds of Trust and the Indentures.

The Corporation has corporate power under the Nonprofit Corporation Act to issue the Series 2017 Bonds, to enter into the Base Leases, the Leasehold Deeds of Trust, the Leases and the Indentures and to secure the Series 2017 Bonds under the Indentures. No part of the net earnings, income 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/Officers

The property and day-to-day affairs of the Corporation are governed and managed by its Board of Directors. The Board of Directors is comprised of five persons who serve by virtue of their position within the City government for so long as they hold their respective positions:

- 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 of the City or designee.
- 5) The Budget Director of the City or designee.

The officers of the Corporation include a President, two Vice Presidents, a Treasurer and a Secretary who are chosen by vote of a majority of the directors in office. The officers hold their respective offices for a term of three years. In addition, the Board of Directors may appoint such other officers and agents as it deems necessary, who shall hold their offices for such terms and shall exercise such powers and may perform such duties as shall 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 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

The Series 2007 Bonds maturing in the year 2018 will remain outstanding after the issuance of the Series 2017A Bonds. The Series 2008B Bonds maturing in the year 2018 will remain outstanding after the issuance of the Series 2017B Bonds.

At the time of issuance and delivery of the Series 2017A Bonds, the Corporation will have no other series of bonds or obligations, other than the above-described 2007 Bonds and Series 2017A Bonds outstanding and secured by the Series 2017A Indenture, the Series 2017A Leasehold Deed of Trust, and the Series 2017A Lease.

At the time of issuance and delivery of the Series 2017B Bonds, the Corporation will have only the Series 2017B Bonds and any portion of the prior Bonds issued under the 2017B Indenture not refunded from proceeds of the Series 2017B Bonds including the above described Series 2008B Bonds and its Taxable Public Safety Sales Tax Leasehold Revenue Bonds (City of St. Louis, Missouri, Lessee) Series 2008A (Pension Funding Project), (the “Series 2008A Bonds”) outstanding and secured by the Series 2017B Indenture, the Series 2017B Leasehold Deed of Trust, and the Series 2017B Lease. Debt service on the Series 2008A Bonds is paid by the Corporation from annually appropriated Rentals from the City from a separate public safety sales tax which is not available to pay Rentals on its Series 2008A Bonds. See **“THE SERIES 2017 BONDS – Security for the Series 2017 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 Indentures and the Leases. The owners of such bonds and notes have no claims on the assets, funds or revenues of the Corporation securing the Series 2017 Bonds, and the owners of the Series 2017 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 one or both of the Indentures or under separate and distinct indentures or resolutions and may be secured by instruments, properties and revenues separate from those securing the Series 2017 Bonds.

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, 2016, 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, 2016.”** A complete copy of the City’s 2016 Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2016 is available for inspection at the offices of the City’s Comptroller located at 1200 Market Street, Room 212, St. Louis, Missouri 63103 or online at <https://www.stlouis-mo.gov/government/departments/comptroller/documents/Historical-CAFR-Archive.cfm>. Payments made by the City under the Leases will be made 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 FINANCING

General

The proceeds of the Series 2017A Bonds will be used primarily to refund the Refunded Series 2007 Bonds. A portion of the proceeds of the Refunded Series 2007 Bonds were used to design, acquire, purchase, construct and install certain emergency management and preparedness and public health and safety projects, including (i) capital improvements to the Premises, (ii) improvements to other buildings that are owned by the City, including the headquarters for the Police Department and the policy academy and (iii) property described in the Communications Property Base Lease.

The Series 2007 Bonds maturing in the year 2018 will remain outstanding after the issuance of the Series 2017A Bonds. The Series 2008B Bonds maturing in the year 2018 will remain outstanding after the issuance of the Series 2017B Bonds.

The proceeds of the Series 2017B Bonds will be used primarily to refund the Refunded Series 2008B Bonds. A portion of the proceeds of the Refunded Series 2008B Bonds were to fund the construction, installation, rehabilitation, and improvement of certain capital improvements at the City Juvenile Detention Center.

In addition, the proceeds of the Series 2017A Bonds and the Series 2017B Bonds will be used (i) to provide funding for credit enhancement for each respective series of the Series 2017 Bonds; and (ii) pay reasonable expenses incurred by the Corporation and the City in connection with the issuance and sale of the Series 2017 Bonds. For additional information on the use of the proceeds of the Series 2017 Bonds, see “**ESTIMATED SOURCES AND USES OF FUNDS FOR THE SERIES 2017 BONDS**” herein.

Both series of the Series 2017 Bonds need not be delivered in order to consummate the delivery of the remaining series.

The Refundings

Series 2017A Bonds.

A portion of the proceeds of the Series 2017A Bonds will be deposited into the Series 2017A Escrow Fund established under an Escrow Agreement dated as of June 1, 2017, by and among the Corporation, the City and UMB Bank, N.A., as Escrow Agent (the “**Series 2017A Escrow Agreement**”), and will be used by the Escrow Agent to pay the costs of refunding the Refunded Series 2007 Bonds on or about February 15, 2018 (the “**Series 2007 Refunding Redemption Date**”).

The Refunded Series 2007 Bonds will be called for redemption on the Series 2007 Refunding Redemption Date at a redemption price of par plus accrued interest to the 2007 Refunding Redemption Date pursuant to the Series 2017A Indenture.

Series 2017B Bonds.

A portion of the proceeds of the Series 2017B Bonds will be deposited into the 2017B Escrow Fund established under an Escrow Deposit Agreement dated as of June 1, 2017, by and among the Corporation, the City and UMB Bank, N.A., as Escrow Agent (the “**Series 2017B Escrow Agreement**”), and will be used by the Escrow Agent to pay the costs of refunding the Refunded Series 2008B Bonds on or about June 1, 2018 (the “**Series 2008B Refunding Redemption Date**”).

The Refunded Series 2008B Bonds will be called for redemption on the 2008B Refunding Redemption Date at a redemption price of par plus accrued interest to the 2008B Refunding Redemption Date pursuant to the Series 2017B Indenture.

On the date of issuance of the Series 2017 Bonds, Maher Duessel, Pittsburgh, Pennsylvania, will deliver a report on the mathematical accuracy of the computations contained in schedules provided to them as described under the caption “**VERIFICATION OF MATHEMATICAL AND ARITHMETICAL CALCULATIONS**” herein. The money and securities deposited into the 2017A Escrow Fund and the 2017B Escrow Fund respectively have been irrevocably pledged to the payment of the Refunded Series 2007 Bonds and the Refunded Series 2008B Bonds, respectively, and will be used only to pay the principal of and accrued interest on the Refunded Series 2007 Bonds and the Refunded Series 2008B Bonds, respectively, and will not be available for payment of debt service on the Series 2017 Bonds.

Management of the 2017A Leased Property and 2017B Leased Property

The 2017A Leased Property and the 2017B Leased Property have been and will continue to be managed by the City.

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ESTIMATED SOURCES AND USES OF FUNDS FOR THE SERIES 2017 BONDS

Series 2017A Bonds

Sources of Funds:	
Par Amount of the Series 2017A Bonds	\$19,535,000.00
Net Original Issue Premium	<u>2,530,928.95</u>
TOTAL SOURCES OF FUNDS	\$22,065,928.95

Use of Funds:	
Deposit to Series 2017A Escrow Fund	\$21,569,331.72
Transaction Costs ⁽¹⁾	<u>496,597.23</u>
TOTAL USES OF FUNDS	\$22,065,928.95

¹

¹ Includes Underwriters' discount and legal, accounting, administrative and miscellaneous fees and expenses and the premiums for the Bond Insurance Policy and the Reserve Policy.

Series 2017B Bonds

Sources of Funds:	
Par Amount of the Series 2017B Bonds	\$19,080,000.00
Net Original Issue Premium	<u>2,233,737.65</u>
TOTAL SOURCES OF FUNDS	\$21,313,737.65

Use of Funds:	
Deposit to Series 2017B Escrow Fund	\$20,835,184.10
Transactions Costs ⁽¹⁾	<u>478,553.55</u>
TOTAL USES OF FUNDS	\$21,313,737.65

¹ Includes Underwriters' discount and legal, accounting, administrative and miscellaneous fees and expenses and the premiums for the Bond Insurance Policy and the Reserve Policy.

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DEBT SERVICE REQUIREMENTS

The following table shows the annual debt service of the Corporation for the Police Capital Improvement Bonds and the Juvenile Detention Center Bonds for the Fiscal Years set forth below:

Fiscal Year Ending <u>June 30</u>	Debt Service on Unrefunded Series 2007 <u>Bonds</u>	<u>Series 2017A Bonds</u>		Total Police Capital Improvement <u>Debt Service</u>	Debt Service on Unrefunded Series 2008B <u>Bond</u>	<u>Series 2017B Bonds</u>		Total Juvenile Detention Center <u>Debt Service</u>
		<u>Principal</u>	<u>Interest</u>			<u>Principal</u>	<u>Interest</u>	
2018	\$379,600	\$260,000	\$571,185	\$1,210,785	\$660,400		789,321	\$1,449,721
2019		310,000	902,052	1,212,053		\$610,000	855,890	1,465,890
2020		315,000	892,752	1,207,753		630,000	837,590	1,467,590
2021		730,000	880,152	1,610,152		645,000	818,690	1,463,690
2022		755,000	850,952	1,605,953		675,000	792,890	1,467,890
2023		795,000	813,202	1,608,203		700,000	765,890	1,465,890
2024		835,000	773,452	1,608,453		740,000	730,890	1,470,890
2025		880,000	731,702	1,611,703		770,000	693,890	1,463,890
2026		920,000	687,703	1,607,703		815,000	655,390	1,470,390
2027		970,000	641,702	1,611,703		850,000	614,640	1,464,640
2028		1,015,000	593,202	1,608,203		895,000	572,140	1,467,140
2029		1,070,000	542,452	1,612,453		940,000	527,390	1,467,390
2030		1,120,000	488,952	1,608,953		985,000	480,390	1,465,390
2031		1,175,000	432,952	1,607,953		1,040,000	431,140	1,471,140
2032		1,235,000	374,202	1,609,203		1,085,000	379,140	1,464,140
2033		1,295,000	312,452	1,607,453		1,145,000	324,890	1,469,890
2034		1,365,000	247,702	1,612,703		1,200,000	267,640	1,467,640
2035		1,435,000	179,452	1,614,453		1,255,000	207,640	1,462,640
2036		1,500,000	107,702	1,607,703		1,320,000	144,890	1,464,890
2037		1,555,000	55,202	1,610,203		1,365,000	98,690	1,463,690
2038		-	-	-		1,415,000	50,232	1,465,233
Total	\$379,600	\$19,535,000	\$11,079,124 ¹	\$30,993,734 ¹	\$660,400	\$19,080,000	11,039,264 ¹	30,779,664 ¹

¹ Totals may vary due to rounding.

THE SERIES 2017 BONDS

General

The Series 2017 Bonds will be issued in denominations of \$5,000 or any integral multiple thereof, will be dated their date of delivery.

The Series 2017 Bonds shall be subject to optional redemption and extraordinary redemption prior to maturity as more fully described below.

It is anticipated that CUSIP identification numbers will be printed on the Series 2017 Bonds, but neither the failure to print such numbers on any Series 2017 Bonds, nor any error in the printing of such numbers, shall constitute cause for a failure or refusal by the purchaser of the Series 2017 Bonds to accept delivery of and pay for any Bonds.

The Series 2017A Bonds will bear interest on a current basis from their dated date, payable beginning February 15, 2018, and semi-annually thereafter on each August 15 and February 15, at the rates and will mature on February 15 in the years set forth on the inside cover page hereof.

Interest on the Series 2017A Bonds will be payable by check or draft mailed to each registered owner in whose name any Series 2017A Bond is registered as of the close of business on the first (1st) day (whether or not a Business Day) of the calendar month containing the applicable interest payment date (the “**2017A Record Date**”). Upon the written request delivered to the Trustee at least five (5) days prior to a 2017A Record Date next preceding an interest payment date by any holder of at least \$1,000,000 principal amount of Series 2017A Bonds, payment of principal and interest to such holder will be made by electronic transfer to an account designated by such Holder, such written notice to include the name and ABA routing number of the bank to which such transfer is to be made.

The Series 2017B Bonds will bear interest on a current basis from their dated date, payable beginning December 1, 2017, and semi-annually thereafter on each June 1 and December 1, at the rates and will mature on June 1 in the years set forth on the inside cover page hereof.

Interest on the Series 2017B Bonds will be payable by check or draft mailed to each registered owner in whose name any Series 2017B Bond is registered as of the close of business on the fifteenth (15th) day (whether or not a Business Day) of the calendar month next preceding the applicable interest payment date (the “**2017B Record Date**”). Upon the written request delivered to the Trustee at least five (5) business days prior to a 2017B Record Date next preceding an interest payment date by any holder of at least \$1,000,000 principal amount of Series 2017B Bonds, payment of principal and interest to such holder will be made by electronic transfer to an account designated by such Holder, such written notice to include the name and ABA routing number of the bank to which such transfer is to be made.

Optional Redemption

Series 2017A Bonds. The Series 2017A Bonds maturing on and after February 15, 2028, shall be subject to redemption and payment prior to maturity, at the option of the Corporation, which shall be exercised upon the directions of and instructions from the City, on and after February 15, 2027, in whole or in part at any time at redemption prices equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date.

Series 2017B Bonds. The Series 2017B Bonds maturing on and after June 1, 2028, shall be subject to redemption and payment prior to maturity, at the option of the Corporation, which shall be exercised upon the directions of and instructions from the City, on and after June 1, 2027, in whole or in part at any time, at redemption prices equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date.

Extraordinary Redemption

The Series 2017 Bonds shall be subject to extraordinary redemption and payment prior to their respective Stated Maturities by the Corporation, at the option of and upon direction and instructions from the City, on any date, upon the occurrence of any of the following conditions or events, provided all of the Series 2017A Bonds and/or the Series 2017B Bonds are redeemed and paid according to their terms:

- (1) if title to, or the use of, substantially all of the applicable Leased Property is condemned by any authority, other than the City, having power of eminent domain;
- (2) if the Corporation's or the City's respective interests in substantially all of the applicable Leased Property is found to be deficient or nonexistent, to the extent that the applicable Leased Property is untenantable or the efficient utilization of the applicable Leased Property by the City is impaired;
- (3) if substantially all of the applicable Leased Property is damaged or destroyed by fire or other casualty; or
- (4) if as a result of changes in the Constitution of the State or 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 applicable Lease shall become void or unenforceable, or impossible of performance without unreasonable delay, or in any way, by reason of such change of circumstances, unreasonable burdens, or excessive liabilities are imposed on the City or the Corporation.

The Series 2017A Bonds and/or the Series 2017B Bonds as applicable redeemed in connection with the occurrence of any of the conditions or events described above shall be redeemed at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the applicable Redemption Date without premium.

Selection of Series 2017 Bonds to be Redeemed

In the case of a partial redemption of Bonds of the same Series, the Series 2017 Bonds to be redeemed shall be selected by the Corporation, upon the direction and instruction of the City, from the Outstanding Bonds of that Series. Whenever less than all of the Series 2017 Bonds of a particular maturity are to be redeemed, the Trustee shall select the particular Series 2017 Bonds to be redeemed by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions of the principal of Outstanding Bonds of a denomination larger than \$5,000.

Notice and Effect of Call for Redemption

If and when any of the Series 2017 Bonds are called for redemption and payment prior to their Stated Maturity, the Trustee shall give written notice of said 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 Bonds to be redeemed, at the address appearing on the Bond Register. All notices of redemption shall include the Redemption Notice Information. The failure of the Holder of any Bond to be so redeemed to receive written notice mailed or any defect therein shall not affect or invalidate the proceedings for the

redemption of Bonds. The Bond Registrar is also directed to comply with any mandatory standards then in effect for processing redemptions of municipal securities established by the Securities and Exchange Commission. Failure to comply with such standards shall not affect or invalidate the redemption of any Bond to be redeemed.

Notice of the redemption of Bonds, other than any mandatory sinking fund redemption and except with respect to any notice which refers to Bonds which are the subject of an advance refunding, shall be given only if sufficient funds have been deposited with the Trustee to pay the redemption price of the Series 2017 Bonds to be redeemed (unless the written request of the Corporation directs that such notice shall state that the redemptions shall be made only to the extent there are funds available therefor).

Prior to any date fixed for redemption (other than mandatory sinking fund redemption), there shall be deposited with the Trustee funds, 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 Series 2017 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 portion of the Series 2017 Bonds to be redeemed.

Upon the happening of the above conditions, and notice having been given as provided in the applicable Indenture, the Series 2017 Bonds or the portions of the principal amount of Bonds thus called for redemption shall 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 2017 Bonds are on deposit at the place of payment at that time, and shall no longer be entitled to the protection, benefit, or security of this Indenture and shall not be deemed to be Outstanding under the Indenture.

Registration, Transfer and Exchange

The Trustee is appointed Bond Registrar for the purpose of registering, transferring, and exchanging Bonds and as such shall keep the Bond Register as provided in the applicable Indenture. All of the Series 2017 Bonds and all transfers and all exchanges thereof shall be fully registered as to principal and interest in the Bond Register. Subject to any restrictions relating to Global Bond Certificates in the event Bonds are issued in book-entry only form, 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 its attorney or legal representative in such form as shall be satisfactory to the Trustee. Upon any such transfer, the Corporation shall execute and the Trustee shall authenticate and deliver in exchange for such Bond, Replacement Bond or Bonds, registered in the name of the transferee, of any Authorized Denomination, in an aggregate principal amount equal to the principal amount of such Bond, of the same series and Stated Maturity, and bearing interest at the same rate. Bonds, upon surrender thereof at the principal corporate trust office of the Trustee, or such other office as the Trustee shall designate, together with a written instrument of transfer duly executed by the Registered Owner thereof or its attorney or legal representative in such form as shall be satisfactory to the Trustee, may, at the option of the Registered Owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same series and Stated Maturity, of any Authorized Denomination, and bearing interest at the same rate.

In all cases in which Bonds are exchanged or transferred, the Corporation shall execute and the Trustee shall authenticate and deliver at the earliest practicable time Bonds in accordance with the Indenture. All Bonds surrendered in any such exchange or transfer shall forthwith be cancelled by the Trustee. No service charge shall be made to any Bondholder for registration, transfer, or exchange of Bonds, but the Corporation or the Trustee may impose a charge for every such exchange or transfer of 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 shall be paid before any such transfer or exchange is 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 the Code (as defined herein), such amount may be deducted by the Trustee from amounts otherwise payable to such Registered Owner under the applicable Indenture or under the Series 2017 Bonds.

Neither the Corporation nor the Trustee shall be required (i) to issue, transfer, or exchange any Series 2017 Bond during a period beginning at the opening of business 15 days preceding the date of mailing a notice of redemption for Series 2017 Bonds selected for redemption and ending at the close of business on the day of such mailing or (ii) to transfer or exchange any Series 2017 Bond so selected for redemption in whole or in part.

Book-Entry Only System

The Series 2017 Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co. or such other name (either, the “**Nominee**”), as may be requested by an authorized representative of The Depository Trust Company (“**DTC**”), New York, New York, as registered owner and nominee for DTC. No beneficial owners of the Series 2017 Bonds will receive certificates representing their respective interests in the Series 2017 Bonds, except in the event the Corporation issues Replacement Bonds. Ownership and subsequent transfers of ownership will be reflected by book-entry on the records of DTC and its participants (the “**DTC Participants**”).

So long as the Nominee is the registered owner of the Series 2017 Bonds, payments of the principal of and premium, if any, and interest on the Series 2017 Bonds will be made by the Trustee directly to such Nominee. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments by the DTC Participants to the beneficial owners of the Series 2017 Bonds is the responsibility of the DTC Participants. See **Appendix E – “BOOK-ENTRY, CLEARANCE AND SETTLEMENT PROCEDURES.”**

Additional Bonds

So long as no event has occurred and is continuing which, with the passage of time or otherwise, would become an Event of Default under the applicable Indenture or the applicable 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 applicable Indenture on a parity basis with the related series of the Series 2017 Bonds and any other Outstanding Bonds, at any time and from time to time, upon compliance with the conditions provided in the applicable Indenture for the purpose of:

(a) paying the Costs of completing the project financed with the respective series of Refunded Bonds, such cost to be evidenced by a certificate signed by a City Representative and a Corporation Representative; or

(b) providing funds for refunding all or any part of the Series 2017 Bonds of any Series then Outstanding, 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.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS

General

The Series 2017A Bonds and Series 2017B Bonds are entirely separately secured. The Series 2017A Bonds and Series 2017B Bonds are not issued or secured on a parity basis or cross collateralized. There is no pooling of security between the Series 2017A Bonds and Series 2017B Bonds, and a default with respect to one series will not affect the other series. Each separate series of the Series 2017 Bonds offered hereby shall be issued under the terms of the related Indenture. See “Summaries of Legal Documents” set forth in Appendix C hereto.

Pursuant to the Series 2017A Base Lease, the City has leased to the Corporation a leasehold interest in the 2017A Leased Property as described in the 2017A Indenture. The Corporation has leased back to the City the 2017A Leased Property pursuant to the Series 2017A Lease.

Pursuant to the Series 2017B Base Lease, the City has leased to the Corporation a leasehold interest in the 2017B Leased Property as described in the 2017B Indenture. The Corporation has leased back to the City the 2017B Leased Property pursuant to the Series 2017B Lease.

The Series 2017 Bonds and the interest thereon are special, limited obligations of the Corporation payable solely out of the Rentals and Additional Rentals paid pursuant to Series 2017A Lease or the Series 2017B Lease as applicable and certain other revenues, moneys, and receipts derived by the Corporation and are secured by a pledge and assignment of the respective Trust Estate pursuant to the Series 2017A Indenture or the Series 2017B Indenture, as applicable.

THE CITY’S OBLIGATION TO PAY RENTALS AND ADDITIONAL RENTALS PURSUANT TO THE SERIES 2017A LEASE AND SERIES 2017B LEASE RESPECTIVELY IS SUBJECT TO ANNUAL APPROPRIATION BY THE CITY. IF THE CITY FAILS TO BUDGET AND APPROPRIATE FUNDS FOR RENTALS AND A REASONABLE ESTIMATE OF ADDITIONAL RENTALS IN ANY FISCAL YEAR, PURSUANT TO EACH LEASE, THE APPLICABLE LEASES WILL TERMINATE AT THE END OF THE FISCAL YEAR FOR WHICH FUNDS HAVE BEEN APPROPRIATED AND THE CITY SHALL BE REQUIRED TO VACATE THE RELATED LEASED PROPERTY. THE CORPORATION HAS NO TAXING POWER.

THE SERIES 2017 BONDS AND THE INTEREST THEREON SHALL NOT BE A DEBT OF THE CITY, THE CORPORATION, THE STATE, OR ANY INSTRUMENTALITY THEREOF AND NONE OF THE CITY, THE CORPORATION, THE STATE, OR ANY INSTRUMENTALITY THEREOF SHALL BE LIABLE THEREON, AND THE SERIES 2017 BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. 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 INDENTURES OR THE LEASES FOR ANYTHING DONE OR OMITTED TO BE DONE BY THE CORPORATION THEREUNDER.

Pursuant to each of the Leases, the City has agreed, subject to annual appropriation, to make payments of applicable Rentals and Additional Rentals with respect to each series of the Series 2017 Bonds, to the Corporation. The Rentals and certain Additional Rentals received from the City have been assigned by the Corporation to the applicable Trustee for the benefit of the Bondholders. For so long as the Series 2017 Bonds are outstanding, the City is required to pay, as Rentals, subject to annual appropriation, to the Trustee, as assignee of the Corporation, amounts corresponding to payments of principal of, premium, if any, and interest on each series of the Series 2017 Bonds as they become due, in immediately available

funds, not fewer than five (5) Business Days before any payment is due. The City covenants that it will pay the Rentals at such times and in such amounts as to assure that no default in the payment of principal of, premium, if any, and interest on any of the Series 2017 Bonds will occur. Additional Rentals include, among other things, payments sufficient to maintain a Debt Service Reserve Fund for each series of the Series 2017 Bonds (as described herein), if required.

If the sum of the balance in the various accounts of the applicable Bond Fund is less than amounts necessary to pay principal of, premium, if any, and interest on the related series of the Series 2017 Bonds, the City will pay such deficiency as Rentals pursuant to the related Lease.

For so long as the Series 2017 Bonds are outstanding, the City is required to pay, pursuant to each Lease and subject to annual appropriation, Additional Rentals to various parties, including amounts owed to the Trustee under the related Indenture and, for so long as the Series 2017 Bonds are outstanding, certain payments to the Trustee, as assignee of the Corporation, of amounts that the City is required to deposit into the applicable Series 2017 Debt Service Reserve Account to make up any deficiency therein. See **“Summary of Certain Provisions of the Lease Purchase Agreement”** in **APPENDIX D** hereto.

Under each of the Leases, the City has covenanted and agreed that the City’s budget director, or any other officer at any time charged with the 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 Terms, a request or requests for the Rentals and a reasonable estimate of Additional Rentals. Requests for appropriations are required to 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 for the 2017A Leased Property and the 2017B Leased Property as applicable, pursuant to the applicable Leases 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 during the Lease Terms, funds in an amount sufficient to pay principal of, redemption premium, if any, and interest, on each series of the Series 2017 Bonds. Upon such appropriation, 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 Leases.

Debt Service Reserve Accounts

The Series 2017A Indenture and the Series 2017B Indenture each establish Debt Service Reserve Funds for the Series 2017A Bonds and the Series 2017B Bonds respectively (each a **“Reserve Account”**.) The Debt Service Reserve Account Requirement (as described herein) shall be calculated separately for each of the Series 2017A Bonds and the Series 2017B Bonds. There is no pooling of the Reserve Accounts between the separate series of Series 2017 Bonds.

Funds on deposit in a Reserve Account may be used and applied by the Trustee solely to prevent a default in the event moneys on deposit in the Debt Service Account for the applicable series of the Series 2017 Bonds shall be insufficient to pay the principal of and interest on the respective Series 2017 Bonds as the same become due. The Trustee may disburse and expend moneys from a Reserve Account whether or not the amount therein equals the Debt Service Reserve Account Requirement. Moneys on deposit in the respective Reserve Account may be used to pay Series 2017A Bonds or Series 2017B Bonds, as applicable, called for redemption or to purchase related Series 2017 Bonds in the open market, prior to their Stated Maturity, provided all Series 2017A Bonds or Series 2017B Bonds as applicable at the time Outstanding are called for redemption or purchased and sufficient funds are available therefor. See **“APPENDIX C – Definitions of Words and Terms and Summaries of Certain Provisions of the Legal Documents”** herein.

“Debt Service Reserve Fund Requirement” for the Series 2017A Bonds means the least of (i) the maximum annual debt service on the Bonds, (ii) 10% of the original principal amount of such Bonds or (iii) 125% of the average annual debt service requirements on the Bonds, all as determined at the time of issuance of such Series of Bonds. The Debt Service Reserve Fund Requirement may be satisfied by deposits in cash or in partial substitution or in lieu of cash by an insurance policy, letter of credit, line of credit guaranty or surety bond or any similar credit or liquidity facility or any combination thereof guaranteeing payments into the Debt Service Reserve Fund in the amount of the Debt Service Reserve Fund Requirement which facility shall be obtained from an entity that is rated in one of the three highest rating categories (without regard to modifiers) by any one or more rating agency which rates such entity.

“Debt Service Reserve Fund Requirement” for the Series 2017B Bonds, means as of the date of calculation, and calculated on the basis of the Series 2017B Bonds, the least of (i) the maximum annual debt service on such Series 2017B Bonds Outstanding, (ii) 10% of the stated principal amount of such Series 2017B Bonds (or issue price if such Series 2017B Bonds are sold with more than a de minimis amount of original issue discount or premium) or (iii) 125% of the average annual debt service requirements on such Series 2017B Bonds. The Debt Service Reserve Fund Requirement may be satisfied by Debt Service Reserve Account deposits in cash or in partial substitution or in lieu of cash by an insurance policy, letter of credit, line of credit or surety bond or similar credit or liquidity facility or any combination thereof guaranteeing payments into the applicable Debt Service Reserve Account in the amount of the Debt Service Reserve Fund Requirement which facility shall be obtained from an entity that is rated in one of the three highest rating categories (without regard to modifiers) by any one or more rating agency which rates such entity.

So long as the sum on deposit in the respective Reserve Accounts is equal to the Debt Service Reserve Fund Requirement for such series of Series 2017 Bonds shall aggregate an amount not less than the Debt Service Reserve Account Requirement on each valuation date pursuant to the Indentures, no further deposits to said Reserve Account shall be required. If, however, the Trustee is ever required to withdraw funds from the Reserve Account to prevent a default as in the applicable Indenture provided and such withdrawal reduces the amount on deposit in the Reserve Account to an amount which is less than the Debt Service Reserve Account Requirement, the City shall, pursuant to the applicable Lease, make up such deficiency by making monthly payments of Additional Rentals commencing monthly following the date of such withdrawal and continuing monthly thereafter, in an amount equal to one-twelfth (1/12) of the maximum amount of such deficiency, until the amount on deposit in the Reserve Account again aggregates a sum not less than the Debt Service Reserve Account Requirement.

Permitted Investments in the Debt Service Reserve Fund shall be evaluated at the market value thereof, exclusive of accrued interest, by the Trustee quarterly and the amount on deposit therein determined accordingly. In the event that on any such date of evaluation the amount on deposit in any account of the Debt Service Reserve Fund shall aggregate an amount less than the applicable Debt Service Reserve Fund Requirement (by reason of such evaluation and not by reason of any withdrawal) or in the event the surety bond or other credit facility no longer qualifies under the applicable definition of “Debt Service Reserve Account Requirement,” including failure to meet the ratings requirements, the City shall, pursuant to the Leases, make up such deficiency as Additional Rentals equal to such deficiency no later than the next valuation date. In the event that on any such date of evaluation the amount on deposit in any account in the Debt Service Reserve Fund shall aggregate an amount which is not less than the Debt Service Reserve Fund Requirement for the applicable Series of Bonds, the amount in excess of the Debt Service Reserve Fund Requirement for such Series shall be transferred to the accounts in the Debt Service Fund attributable to such Series.

Series 2017A Bonds.

Pursuant to the Premises Base Lease, dated as of June 1, 2007, between the City and the Corporation as amended and supplemented from time to time, including by the Second Supplemental Premises Base Lease dated as of June 1, 2017 (the “**Premises Base Lease**”), the City has leased to the Corporation a leasehold interest in the real estate, buildings, structures, facilities and equipment used as police stations and related support facilities located in the geographical boundaries of the City (collectively, the “**Premises**”). Pursuant to the Communications Property Base Lease, dated as December 1, 2007, between the City and the Corporation, as amended and supplemented from time to time, including by the Second Supplemental Communications Property Base Lease dated as of June 1, 2017 (the “**Communications Base Lease**,” together with the Premises Base Lease, the “**Series 2017A Base Lease**”), the City has leased to the Corporation a leasehold interest in certain real and personal property as further described in the Series 2017A Indenture (the “**2017A Property**”) and the portion of the improvements located thereon (the 2017A Property and the improvements located thereon are referred to herein as the “**2017A Leased Property**”).

Pursuant to a Lease Purchase Agreement, dated as of June 1, 2007, as amended and supplemented including the Third Supplemental Lease Purchase Agreement, dated as of June 1, 2017, between the City and the Corporation (collectively, the “**Series 2017A Lease**”), as amended and supplemented, the Corporation will sublease the 2017A Leased Property to the City and, in consideration thereof, the City shall, subject to annual appropriation, pay to the Corporation Rentals and Additional Rentals for the payment of debt service on the Series 2017A Bonds.

While the City intends to use the portion of the proceeds of the Capital Improvement Sales Tax deposited to the Police Capital Improvements Account (the “**Police Capital Improvement Sales Tax**”, as described herein) as the primary source of funds to be appropriated to pay debt service on the Series 2017A Bonds, the City may appropriate funds to make payments of Rentals and Additional Rentals from any legally available source. **Such Police Capital Improvement Sales Tax is not subject to a pledge for such purpose, and the City has no obligation to appropriate any portion of the receipts from such Police Capital Improvement Sales Tax to pay such Rentals or Additional Rentals.** Pursuant to the Series 2017A Lease, the City has covenanted and agreed that during each fiscal year of the City, which currently begins on July 1 (the “**Fiscal Year**”), or portion thereof in which the Series 2017A Bonds remain outstanding, it will not use revenues from the Police Capital Improvement Sales Tax for any purpose other than payment of Rentals and Additional Rentals with respect to the Series 2017A Bonds and certain debt service payments unless payments of such Rentals and Additional Rentals or debt service have otherwise been provided for.

See “**CAPITAL IMPROVEMENT SALES TAX – Overview**” and – “**Capital Improvement Sales Tax Revenues**” below.

Pursuant to the Series 2017A Lease, the City is required, subject to annual appropriation, to pay to the 2017A Trustee as assignee of the Corporation, in funds which will be immediately available to the 2017A Trustee not less than five (5) Business Days before the date any payment is due, as rentals in respect of the 2017A Leased Property, amounts which shall correspond to the payments in respect of the principal of, premium, if any, and interest on the Series 2017A Bonds whenever and in whatever manner the same shall become due. Additionally, the City has covenanted in the Series 2017A Lease, subject to annual appropriation, to pay to such parties and at such times the amounts as are set forth in such 2017A Lease. Pursuant to the Series 2017A Lease, the 2017A Rentals and Series 2017A Additional Rentals (except the

Corporation’s rights to indemnification under such Series 2017A Lease and certain other amounts as set forth in the Series 2017A Lease) have been assigned by the Corporation to the 2017A Trustee for the benefit of the Bondholders. See “**Summaries of Legal Documents**” set forth in **Appendix C** hereto.

The Series 2017A Bonds are further secured by the 2017A Leasehold Deed of Trust, the lien of which shall encumber the Corporation's leasehold interest in the 2017A Leased Property. Pursuant to the Series 2017A Leasehold Deed of Trust, the Corporation will transfer to the 2017A Trustee a lien in and to all of the Corporation's right, title, and interest in and to (a) the Corporation's leasehold interest in the 2017A Leased Property existing pursuant to the Series 2017A Base Lease, (b) 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 part of the mortgaged property, together with all related security and other deposits (any "**2017A Subleases**") (c) 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), (d) all accessions, replacements, and substitutions for any of the foregoing and all proceeds thereof, (e) all insurance policies, unearned premiums therefor, and proceeds from such policies covering any of the above property acquired by the Corporation as of or after the date of the Series 2017A Leasehold Deed of Trust, and (f) any awards, remunerations, reimbursements, settlements, or compensation made as of or after the date of the Series 2017A Leasehold Deed of Trust by any governmental authority pertaining to the Leased Property or any portion thereof. Clauses (a) through (f) of the preceding sentence are referred to herein as the "**2017A Mortgaged Property**." See "**Summaries of Legal Documents**" set forth in **Appendix C** hereto.

Capital Improvements Sales Tax

The following discussion of the Police Capital Improvements Sales Tax applies only to funds which are available for payment of principal of and interest on the Series 2017A Bonds.

Overview

Pursuant to Section 94.577 of the Revised Statutes of Missouri and Ordinance No. 62885, in 1993, the voters of the City approved the City's imposition and collection of an one-half of one percent capital improvements sales tax (the "**Capital Improvements Sales Tax**") on all retail sales made in the City which are subject to taxation under the provisions of Sections 144.010 to 144.525 of the Revised Statutes of Missouri (the "**Sales Tax Law**") for the purpose of providing funding for capital improvements including operation and maintenance of capital improvements. The Capital Improvements Sales Tax revenues are required to be deposited into the Sales Tax Fund, which consists of five accounts, including the Police Capital Improvements Account. Moneys in the Police Capital Improvements Account may be used only to pay capital improvement projects of the Board of Police Commissioners of the Metropolitan Police Department of the City of St. Louis (the "**Police Board**"). Ten percent (10%) of the Capital Improvements Sales Tax collections is deposited into the Police Capital Improvements Account and is available to fund capital improvements of the Police Department, including the operation and maintenance of such capital improvements.

All expenditures from the Police Capital Improvements Account are subject to annual appropriation by the Board of Aldermen. The City has agreed that during each fiscal year, which currently ends on June 30 of each calendar year (the "**Fiscal Year**"), or portion thereof in which the Series 2017A Bonds remain outstanding, the City will not use the Capital Improvements Sales Tax revenues deposited in the Police Capital Improvements Account in the then-current Fiscal Year for any purpose other than making payments of 2017A Rentals and 2017A Additional Rentals during such then-current Fiscal Year unless such Rentals and Additional Rentals have been provided for. Any money remaining in the Police Capital Improvements Account after the payment or provision for payment of such rental payments may be used by the City for other capital improvements of the Police Department.

Capital Improvements Sales Tax Revenues

The following table sets forth the Capital Improvements Sales Tax collections during the past ten years and the portion of that amount that was deposited into the Police Capital Improvements Account.

Fiscal Year	0.5% Capital Improvements Sales Tax*	Police Capital Improvements Account Deposit*
2007	\$17,660,000	\$1,766,000
2008	17,770,000	1,777,000
2009	17,420,000	1,742,000
2010	16,540,000	1,654,000
2011	16,710,000	1,671,000
2012	18,300,000	1,830,000
2013	17,470,000	1,747,000
2014	18,890,000	1,889,000
2015	18,630,000	1,863,000
2016	18,310,000	1,831,000

* Rounded to the nearest thousand.

All expenditures from the Police Capital Improvements Account are made pursuant to annual appropriation by the City's Board of Aldermen. For a discussion of the City's sales taxes, see **APPENDIX A - "Information Regarding The City of St. Louis, Missouri - Financial Management and Expenditure Controls"** hereto.

Collection, Distribution and Enforcement

Seller's Obligation to Report and Pay Sales Tax. Every retailer operating within the City is required to add the Capital Improvements Sales Tax imposed to the retailer's sale price, such that the Capital Improvements Sales Tax shall constitute a part of the price, shall be a debt of the purchaser to the retailer until paid and shall be recoverable at law in the same manner as the purchase price. The Capital Improvements Sales Tax applies to all sellers engaging in the sale of tangible personal property or rendering taxable services at retail to the extent and in the manner provided in the Sales Tax Law and the rules and regulations of the State of Missouri Department of Revenue (the "**Department of Revenue**"). All exemptions granted to agencies of government, organizations, persons and to the sale of certain articles and items of tangible personal property and taxable services pursuant to the provisions of the Sales Tax Law are applicable to the imposition and collection of the Capital Improvements Sales Tax. All discounts allowed the retailer pursuant to the provisions of the Sales Tax Law for the collection of and for payment of sales taxes pursuant to such laws are allowed and made applicable to the collection of the Capital Improvements Sales Tax. Pursuant to state law, sellers who promptly pay their sales tax are entitled to retain 2% of the amount of sales taxes owed.

Under the Sales Tax Law, every retailer is required, on or before the last day of the month following each calendar quarter, to file a return showing the seller's gross receipts and the amount of sales tax, including the Capital Improvements Sales Tax, levied for the preceding quarter and remit the sales taxes levied with the return. However, where the aggregate amount of the sales tax levied and imposed upon a seller is in excess of two hundred fifty dollars (\$250) per month, the seller shall file a return and remit the amount of sales taxes levied for the calendar quarter. The seller shall be permitted to file a return and remit the amount of sales taxes levied for the calendar year on or before January 31 of the succeeding year. If a seller's aggregate state sales tax was ten thousand dollars (\$10,000) or more in each of at least

six months during the prior twelve months, the Department of Revenue may, by regulation, require a seller to timely remit the unpaid state sales tax on a quarter-monthly basis. The remittance shall be timely if mailed within three banking days after the end of the quarter-monthly period or if received within four banking days after the end of the quarter-monthly period. The quarter-monthly periods are: (a) the first seven days of a calendar month, (b) the eighth to fifteen days of a calendar month, (c) the sixteenth to twenty-second day of a calendar month, and (d) the portion following the twenty-second day of a calendar month.

Collection and Enforcement of Sales Tax. Retail businesses located in the City submit applications to the appropriate local government unit for a merchant's license and an occupancy permit, and before such license and permit are awarded, verification of a tax identification number from the State is made.

Any business or individual engaged in the business of selling tangible personal property within the State without a valid retail sales license, with certain exceptions, may be assessed a penalty in the amount of up to five hundred dollars (\$500) for the first day and one hundred dollars (\$100) for each day thereafter, not to exceed ten thousand dollars (\$10,000), in addition to any other penalties or interest prescribed in the Sales Tax Law. Any person required to collect, truthfully account for and pay over any sales tax, who willfully attempts in any manner to evade or defeat the sales tax or the payment thereof, or who shall willfully and knowingly overcharge or over-collect such sales tax with intent to make claim to any such overcharged or over-collected amounts may, in addition to other penalties, be liable for a penalty equal to the total amount of sales tax evaded, or not collected, or not accounted for and paid over, or overcharged or over-collected. All sales taxes not paid by the person required to remit same on the date when the same becomes due and payable shall bear interest from and after such date until paid at a rate generally equivalent to the adjusted prime rate charged by banks.

In case of failure to file any return required under the Sales Tax Law on or before the date prescribed therefor, there shall generally be added to the amount required to be shown as sales tax on such return five percent (5%) of the amount of such sales tax if the failure is not for more than one month, with an additional five percent (5%) for each additional month or fraction thereof during which such failure continues, not exceeding twenty-five percent (25%) in the aggregate. In case of a failure to pay the full amount of sales tax required under the Sales Tax Law on or before the date prescribed therefor, there generally shall be added to the sales tax an amount equal to five percent (5%) of the deficiency. These penalties and additions to sales tax shall be in addition to the penalties and interest described in the preceding paragraph.

Any amount assessed or any additional amount assessed by the Department of Revenue under the provisions of the Sales Tax Law, together with the penalty, if any, shall be due and payable from the seller sixty days after the service upon or mailing to the seller of notice of such assessment or such additional assessment, unless the person has filed a petition for review, in which case such amount assessed or additional amount assessed, together with penalty, if any, shall be due and payable upon final adjudication of such petition for review.

In any case in which any assessment of sales tax, interest, additions to sales tax or penalty imposed under the Sales Tax Law has been made and has become final, the Department of Revenue may file for record in the recorder's office of any county in which the taxpayer owing such sales tax, interest, additions to sales tax or penalty resides, owns property or has a place of business a certificate of lien specifying the amount of the sales tax, additions to sales tax, interest or penalty due and the name of the person liable for same. The lien shall be continuing and shall attach to real or personal property owned by the taxpayer or acquired in any manner by the taxpayer after filing of the certificate of lien. In addition, the lien may be filed for record in the office of the clerk of the circuit court of any county in which the taxpayer resides,

or has a place of business, or owns property. The clerk of the circuit court shall file such certificate and enter it in the record of the circuit court for judgments and decrees under the procedure prescribed for filing transcripts of judgments.

Any sales tax due and unpaid shall constitute a debt and in any case of failure to pay the sales tax, or any portion thereof, or any penalty or interest provided for in the Sales Tax Law when due, the Department of Revenue may recover the amount of such sales tax, penalty and interest by an action at law or other appropriate judicial proceedings. All remedies shall be cumulative, and no action taken shall be construed on the part of the State or any of its officers to pursue any remedy to the exclusion of any other remedy provided for in the Sales Tax Law.

Distribution of Sales Tax to City. Within 30 days of receipt of sales taxes, the Department of Revenue remits to the State Treasurer for deposit in a special trust fund for the benefit of each political subdivision entitled to a sales tax distribution the amount of such sales tax receipts less 1% of such amount which constitutes a fee paid to the State for collecting and distributing the tax. The State Treasurer then distributes moneys on deposit in the special trust fund on behalf of each such political subdivision to such political subdivision on a monthly basis.

Deposit of Sales Tax by City. Upon receipt of a distribution of sales tax revenues from the State Treasurer, the City's Comptroller will determine the amount of such distribution which is allocable to the Capital Improvements Sales Tax and deposit 10% of such amount in the Police Capital Improvements Account.

Series 2017B Bonds

Pursuant to a Base Lease, dated as of June 1, 2008, as amended and supplemented by the First Supplemental Base Lease, dated as of June 1, 2017, between the City and the Corporation (collectively, the “**Series 2017B Base Lease**”), the City is leasing to the Corporation a leasehold interest in certain real property known as the City Juvenile Detention Center, the buildings, structures, facilities, equipment and related support located thereon, as further described in the Series 2017B Indenture (the “**2017B Leased Property**” and together with the 2017A Leased Property, the “**Leased Property**”).

Pursuant to a Lease Purchase Agreement, dated as of June 1, 2008, between the City and the Corporation, as amended and supplemented including by the First Supplemental Lease Purchase Agreement, dated as of June 1, 2017, between the City and the Corporation (collectively, the “**Series 2017B Lease**”), the Corporation will sublease the 2017B Leased Property to the City and in consideration thereof, the City shall, subject to annual appropriation, pay to the Corporation Rentals and Additional Rentals for the payment of debt service on the Series 2017B Bonds. See “**Summaries of Legal Documents**” set forth in **Appendix C** hereto.

The Series 2017B Bonds are further secured by the Series 2017B Leasehold Deed of Trust, the lien of which shall encumber the Corporation's leasehold interest in the 2017B Leased Property. Pursuant to the 2017B Leasehold Deed of Trust, the Corporation has transferred to the 2017B Trustee a lien in and to all of the Corporation's right, title, and interest in and to (a) the Corporation's leasehold interest in the 2017B Leased Property existing pursuant to the 2017B Base Lease, (b) 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 mortgaged property, together with all related security and other deposits (the “**2017B Subleases**”), (c) 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), (d) all accessions, replacements, and substitutions for any of the foregoing and all proceeds thereof, (e) all insurance policies, unearned premiums therefor, and proceeds

from such policies covering any of the above property acquired by the Corporation as of or after the date of the 2017B Leasehold Deed of Trust, and (f) any awards, remunerations, reimbursements, settlements, or compensation made as of or after the date of the 2017B Leasehold Deed of Trust by any governmental authority pertaining to the Leased Property or any portion thereof. Clauses (a) through (f) of the preceding sentence are referred to herein as the “**2017B Mortgaged Property.**” See “**Summaries of Legal Documents**” set forth in **Appendix C** hereto.

Subleases of 2017B Leased Property The City has entered into two Lease Agreements, which are 2017B Subleases, with The Urban League of Metropolitan St. Louis (the “**Sublessee**”) dated as of December 1, 2005 and as of June 1, 2016, respectively. Pursuant to the 2017B Subleases, the Urban League of Metropolitan St. Louis is using a portion of the buildings at 911 North Spring Avenue and 929 North Spring Avenue for its Head Start Program. The terms of the 2017B Subleases expire on May 31, 2021, and December 1, 2025, respectively. Under the Subleases all necessary repairs and maintenance are assumed by the sub lessee on the basement, first floor, and second floor of the buildings subleased. The rent under these 2017B Subleases is \$1 per year.

Term of the Series 2017A Lease and Series 2017B Lease

The term of the Series 2017A Lease and the Series 2017B Lease, respectively, will commence as of the date of delivery of the related series of Refunded 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 for which Series 2017A Rentals or Series 2017A Additional Rentals or the Series 2017B Rentals or Series 2017B Additional Rentals, as applicable, were appropriated; (ii) the date upon which there occurs an Event of Default by the City under the 2017A Lease or the 2017B Lease as applicable, if the Corporation or the Trustee elects such remedy pursuant to the applicable Lease; (iii) the date upon which all Rentals and Additional Rentals, as the case may be, required under the applicable Lease will be paid by the City; or (iv) discharge of the respective Indenture as provided in such Indentures.

Appropriation

The payment of Rentals, Additional Rentals, and other revenues and receipts payable by the City under the respective Leases are subject to annual appropriation. **THE CITY IS NOT AND MAY NOT BE LEGALLY OBLIGATED TO APPROPRIATE FUNDS TO PAY RENTALS OR ADDITIONAL RENTALS UNDER THE RESPECTIVE LEASES.** It is anticipated that the Board of Aldermen will appropriate in each Fiscal Year, from such tax sources and other funds legally available for such purpose, the amounts required to pay all Rentals and Additional Rentals required by the respective Leases. 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 2017 Bonds, replenish the Series 2017A Debt Service Reserve Account of the Debt Service Reserve Fund or the Series 2017B Debt Service Reserve Account of the Debt Service Reserve Fund, as applicable, if required, and to pay all other amounts required under the respective Leases and the Indenture. Additionally, subject to annual appropriation, the City has agreed in the respective Leases that to the extent Rentals and Additional Rentals are insufficient to provide the Corporation and the Trustee with funds sufficient to pay the foregoing, the City will pay as Additional Rentals, upon demand therefor, such further sums of money as may be required from time to time for such purposes. See also the captions “**Appropriations**” and “**Event of Non-Appropriation**” below, as well as “**BONDHOLDERS’ RISKS**” herein.

Source of Appropriations for the Series 2017A Bonds. While the payment of 2017A Rentals, 2017A Additional Rentals, and other revenues and receipts payable by the City under the Series 2017A Lease are expected to be made from the Capital Improvement Sales Tax deposited into the Police Capital

Improvement Sales Tax Fund, the City has various sources of revenue that may be appropriated for payment of debt service on the Series 2017A Bonds, including an earnings tax, *ad valorem* property taxes, other sales and use taxes, gross receipts taxes, license fees, real property taxes, and other revenue sources. See **“SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Series 2017A Bonds – Capital Improvement Sales Tax”** herein. 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, 2016”** for more information about the City’s general revenue receipts. All amounts required for such payments are subject to annual appropriations.

Source of Appropriations for the Series 2017B Bonds. The City has various sources of revenue that may be appropriated for payment of debt service on the Series 2017B Bonds, 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, 2016”** for more information about the City’s general revenue receipts. All amounts required for such payments are subject to annual appropriations.

Budget Process

Each Fiscal Year, 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. For additional information on the budget process, see APPENDIX A **“Information Regarding the City of St. Louis, Missouri – Financial Management and Expenditure Controls – Budget Process.”**

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 Leases, 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 LEASES 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 APPLICABLE INDENTURE AND AS A SECURED CREDITOR UNDER THE LAWS OF THE STATE, AS TRUSTEE FOR THE BENEFIT OF HOLDERS OF THE SERIES 2017 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 LEASES AS TO THE CITY'S POSSESSORY INTEREST THEREUNDER BY REASON OF AN EVENT OF NON-APPROPRIATION AS PROVIDED PURSUANT TO THE TERMS OF THE LEASES WILL BE HELD BY THE TRUSTEE UNDER THE APPLICABLE INDENTURE FOR THE BENEFIT OF THE HOLDERS OF THE SERIES 2017 BONDS AS SET FORTH IN THE APPLICABLE INDENTURE UNTIL THE SERIES 2017 BONDS ARE PAID IN FULL.

BOND INSURANCE

The following information has been furnished by Assured Guaranty Municipal Corp. ("AGM") for use in this Official Statement.

Bond Insurance Policy

"Concurrently with the issuance of the Series 2017 Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its municipal bond insurance policy for the insured portion of the Series 2017A Bonds (the "**Series 2017A Bond Insurance Policy**") and its municipal bond insurance policy for the insured portion of the Series 2017B Bonds (the "**Series 2017B Bond Insurance Policy**") and together with the Series 2017A Bond Insurance Policy, collectively the "**Bond Insurance Policy**"). The Bond Insurance Policy guarantees the scheduled payment of principal of and interest on the Series 2017 Bonds maturing in the years 2021 and thereafter when due as set forth in the form of the Bond Insurance Policy included as **APPENDIX G** to this Official Statement. See "**SECURITY FOR THE BONDS – Bond Insurance Policy**" and "**BOND INSURANCE**" herein."

The Bond Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("**AGL**"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("**KBRA**") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("**Moody's**"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to

and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings.

On July 27, 2016, S&P issued a credit rating report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 8, 2016, Moody's published a credit opinion affirming its existing insurance financial strength rating of "A2" (stable outlook) on AGM. AGM can give no assurance as to any further ratings action that Moody's may take.

On December 14, 2016, KBRA issued a financial guaranty surveillance report in which it affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

Capitalization of AGM.

At March 31, 2017, (i) the policyholders' surplus of AGM was approximately \$2,204 million; (ii) the contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("**MAC**") (as described below) were approximately \$1,263 million; and (iii) the net unearned premium reserves of AGM and its subsidiaries (as described below) were approximately \$1,349 million. The contingency reserve amount set forth above includes (i) 100% of AGM's contingency reserve, and (ii) 60.7% of MAC's contingency reserve. The net unearned premium reserve amount set forth above includes (i) 100% of the net unearned premium reserves of AGM and AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and (ii) 60.7% of the net unearned premium reserve of MAC. The policyholders' surplus of AGM and the contingency reserves and net unearned premium reserves of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves of Assured Guaranty (Europe) Ltd were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference.

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "**SEC**") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2016 (filed by AGL with the SEC on February 24, 2017); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017 (filed by AGL with the SEC on May 5, 2017).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Series 2017 Bonds shall be deemed incorporated by reference into

this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "**BOND INSURANCE – Assured Guaranty Municipal Corp.**" or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters.

AGM makes no representation regarding the Series 2017 Bonds or the advisability of investing in the Series 2017 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under "**BOND INSURANCE**".

BONDHOLDERS' RISKS

The Series 2017 Bonds involve certain risks, and the discussion below should be reviewed in evaluating these risks. The Series 2017 Bonds may not be suitable investments for all persons, and prospective purchasers should carefully evaluate the risks and merits of an investment in the Series 2017 Bonds and should confer with their own legal and financial advisors. The following discussion of risk factors is not intended to be exhaustive.

General

The Series 2017 Bonds are special, limited obligations of the Corporation, payable solely out of the Rentals, Additional Rentals and certain other revenues, moneys and receipts derived by the Corporation from leasing of the Leased Property to the City pursuant to the Series 2017A Lease or the Series 2017B Lease. The Corporation has no taxing power. The Series 2017 Bonds and the interest thereon are not a debt of the City or the State or any instrumentality thereof and neither the City nor the State or any instrumentality thereof is liable thereon, and the Series 2017 Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Lease Payments of City Not a General Obligation

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, 2017. Neither the Rentals, Additional Rentals, nor other revenues and receipts under the Series 2017A Lease or the Series 2017B Lease nor any payments on the Series 2017 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 Series 2017A Lease and the Series 2017B 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 Series 2017A Lease or the Series 2017B Lease would mean the loss of occupancy of the related Leased Property by the City for the remainder of the applicable Base Lease Term.

The City's obligations under the Series 2017A Lease or the Series 2017B 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 Series 2017A Lease or the Series 2017B Lease. Accordingly, whether the City will renew the Series 2017A Lease or the Series 2017B Lease throughout the term of the respective Series 2017 Bonds is dependent upon certain factors that are beyond the control of the City, including the ability of the City to generate sufficient revenue in its general fund to pay its obligations under the Series 2017A Lease or the Series 2017B Lease and the other obligations of the City, and then to appropriate such funds for use in meeting its obligations under the Series 2017A Lease or the Series 2017B Lease.

No Restrictions on Use of Facility After Default Under Leases

If an Event of Default occurs for any reason under the Leases or if the City terminates either of the Leases and fails to purchase the Corporation's interest in the Leased Property, the Corporation has the right to possession of the Leased Property for the remainder of the respective Base Lease Term and may sublease the property or sell its interest in the applicable Base Lease or the Leased Property upon whatever terms and conditions it deems prudent. If the Corporation assigns or sells its interest in the Leased Property under these circumstances, no assurances can be given that interest on the Series 2017 Bonds would continue to be exempt from federal or State income taxation. See **"TAX MATTERS"** herein.

Event of Non-Appropriation

The City is not and cannot be legally obligated to appropriate funds and thus no representation or assurance can be given that the City will appropriate revenues in amounts sufficient to make Rentals and Additional Rentals under the Series 2017A Lease or the Series 2017B Lease. The appropriation by the City of future revenues to be paid under the Series 2017A Lease or the Series 2017B Lease is dependent upon, among other things, government regulations, the capabilities of the management of the City and future changes in economic and other conditions that are unpredictable and cannot be determined at this time. Failure by the City to appropriate funds in any Fiscal Year to make Rentals and Additional Rentals when due constitutes an Event of Non-Appropriation under the Series 2017A Lease or the Series 2017B Lease pursuant to which the Trustee may terminate the Series 2017A Lease or the Series 2017B Lease and require the City to vacate the applicable Leased Property.

Realization of the Full Value of the Leased Property

If an Event of Non-Appropriation occurs under either series of the Series 2017 Bonds, the Corporation or the Trustee is required to give notice to the City to vacate the related 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 Series 2017A Lease or the Series 2017B Lease as applicable, 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 Series 2017A Indenture or the Series 2017B Indenture (with certain exceptions as provided in the Series 2017A Lease or the Series 2017B Lease and the Series 2017A Indenture or the Series 2017B Indenture) are required to be used to redeem the applicable series of Series 2017 Bonds, to the extent moneys are available. No assurance can be given that any such moneys would be adequate to redeem the Series 2017 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 2017 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

The remedies available upon a default under the Indenture, the Leasehold Deed of Trust and the Leases 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 and State laws concerning the use of assets of certain organizations, the remedies specified in the Indenture, the Leasehold Deed of Trust, and the Leases may not be readily available or may be limited. The various legal opinions to be delivered in connection with the issuance of the Series 2017 Bonds will be expressly subject to the qualification that the enforceability of the Series 2017A Indenture or the Series 2017B Indenture, the Leasehold Deed of Trust, and the Series 2017A Lease or the Series 2017B 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 Series 2017 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 2017 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 Leases 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 2017 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 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 36% of the total for Fiscal Year 2016. 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, 2016, 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, 2016."** 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, 2016,"** 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 2016 Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2016 is available for inspection at the City's Comptroller's offices located at 1200 Market Street, Room 212, St. Louis, Missouri 63103 or online at <https://www.stlouis-mo.gov/government/departments/comptroller/documents/Historical-CAFR-Archive.cfm>.

RATINGS

S&P Global Ratings, a division of S&P Global Inc. ("**S&P**") has assigned a rating of "AA", to the Insured Bonds, with the understanding that, upon delivery of the Series 2017 Bonds, a municipal bond insurance policy will be issued by AGM. In addition, S&P has assigned its underlying rating of "A", to the Series 2017 Bonds.

Such rating reflects only the view of such organizations and any desired explanation of the significance of the ratings should be obtained from the respective rating agencies. 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 continue for any given period of time or that 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 2017 Bonds.

LITIGATION

There is not now pending or, to the knowledge of the Corporation or the City, threatened, any litigation seeking to restrain or enjoin or in any way limit the approval or the issuance, execution and delivery of the Series 2017 Bonds, the preparation, execution and delivery of this Official Statement or the proceedings or authority under which they are to be issued. There is no litigation pending or, to the knowledge of the Corporation, threatened, in any manner challenging or threatening the powers of the Corporation, restraining or enjoining the issuance or delivery of the Series 2017 Bonds or questioning or affecting the validity of the Series 2017 Bonds or the proceedings and authority under which they are to be issued.

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. The following is a summary of lawsuits in which the City is a defendant that may be material, if the outcome of the lawsuit is adverse to the City.

Except as provided above, there is no litigation, proceedings or investigations 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 which 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 Base Lease and the Leases. See **Appendix A –"Information Concerning the City of St. Louis, Missouri"** for a more detailed discussion.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, issuance and sale of the Series 2017 Bonds and with regard to the tax status of the Series 2017 Bonds are subject to the approving legal opinions of White Goss, a Professional Corporation, Kansas City, Missouri, and Polsinelli PC, St. Louis, Missouri, Co-Bond Counsel, whose approving opinions will be delivered with the Series 2017 Bonds. The expected form of the opinions of Co-Bond Counsel is attached as **Appendix D** hereto. Certain legal matters will be passed upon for the Corporation and for the City by the Office of the City Counselor. Certain legal matters will be passed upon for the Corporation and for the City by the Office of the City Counselor. Certain legal matters will be passed upon for the City by Schiff Hardin LLP, its Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Hardwick Law Firm LLC, St. Louis, Missouri, and Bryan Cave LLP, St. Louis, Missouri.

Co-Bond Counsel have not assisted in the preparation of this Official Statement except those portions of this Official Statement under the captions **"THE SERIES 2017 BONDS"** (excluding information concerning DTC and its book entry system), **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS"** (excluding information under the caption **"Capital Improvement Sales Tax"**), **"APPROVAL OF LEGAL PROCEEDINGS,"** **"TAX MATTERS,"** and **Appendix C** 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

General

Federal Income Tax Consequences of Owning Series 2017 Bonds

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2017 Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Series 2017 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2017 Bonds. The Corporation has covenanted in the Indenture, and the Corporation and the City have covenanted in the Leases and the Tax Compliance Agreement, to comply with the applicable requirements of the Code in order to maintain the exclusion of interest on the Series 2017 Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Corporation has made certain representations and certifications in the Indenture, and the Corporation and the City have made certain representations and certifications in the Leases and the Tax Compliance Agreement. Co-Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Co-Bond Counsel, under existing law and assuming compliance with the aforementioned covenants and the accuracy of the aforementioned representations and certifications of the Corporation and the City, interest on the Series 2017 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes under Section 103 of the Code. Co-Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2017 Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

The Series 2017 Bonds have not been designated or deemed designated as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Code.

State Tax Consequences of Owning Series 2017 Bonds

Co-Bond Counsel is also of the opinion that, under existing law and assuming that interest on the Series 2017 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code, interest on the Series 2017 Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from Missouri taxable income for purposes of the personal income tax and corporate income tax imposed by the State of Missouri. Co-Bond Counsel expresses no opinion as to whether interest on the Series 2017 Bonds is exempt from the taxes imposed by the State of Missouri on financial institutions under Chapter 148 of the Revised Statutes of Missouri, as amended.

Original Issue Discount on Series 2017 Bonds

Co-Bond Counsel is also of the opinion that, subject to the conditions set forth above, any original issue discount (as described below) in the selling price of any Series 2017 Bond sold in the initial offering to the public at a price less than the par amount thereof (hereinafter referred to as the “**OID Bonds**”), to the extent properly allocable to each owner of such Series 2017 Bond, is excluded from gross income for federal income tax purposes with respect to such owner. Original issue discount is the excess of the stated redemption price at maturity of an OID Bond over the initial offering price to the public (excluding the Underwriters and any intermediaries) at which price a substantial amount of the OID Bonds were sold. Under Section 1288 of the Code, original issue discount on the Series 2017 Bonds accrues on a compound

basis. For an owner who acquires an OID Bond in this offering, the amount of original issue discount that accrues during any accrual period generally equals: (1) the issue price of such OID Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on such OID Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (3) any interest payable on such OID Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the owner's tax basis in such OID Bond. Any gain realized by an owner from a sale, exchange, payment or redemption of an OID Bond would be treated as gain from the sale or exchange of such Bond. Owners of OID Bonds should consult with their individual tax advisors to determine whether the application of the original issue discount rules and regulations for federal tax purposes require inclusion for state and local income tax purposes of an amount of interest on the OID Bonds as income, even though no corresponding cash interest payment is actually received during the tax year.

Original Issue Premium on Series 2017 Bonds

In the event any of the Series 2017 Bonds are offered at prices in excess of their principal amounts (collectively, the "**Premium Bonds**"), an initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Owners of Premium Bonds (including purchasers of Premium 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 Premium Bonds and with respect to state and local tax consequences of owning and disposing of such Premium Bonds.

Other Federal Tax Matters with Respect to Series 2017 Bonds

Ownership of the Series 2017 Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the Series 2017 Bonds.

Interest paid on tax-exempt obligations such as the Series 2017 Bonds is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. In addition, interest on the Series 2017 Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Co-Bond Counsel is not rendering any opinion as to any federal tax matters other than those described under the caption “**TAX MATTERS.**” Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2017 Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Federal Tax Law and Post Issuance Events with Respect to Series 2017 Bonds

From time to time proposals are introduced in Congress that, if enacted into law, could have an adverse impact on the potential benefits of the exclusion from gross income for federal income tax purposes of the interest on the Series 2017 Bonds, and thus on the economic value of the Series 2017 Bonds. This could result from reductions in federal income tax rates, changes in the structure of the federal income tax rates, changes in the structure of the federal income tax or its replacement with another type of tax, repeal of the exclusion of the interest on the Series 2017 Bonds from gross income for such purposes, or otherwise. It is not possible to predict whether any legislation having an adverse impact on the tax treatment of owners of the Series 2017 Bonds may be proposed or enacted.

Co-Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2017 Bonds may affect the tax status of interest on the Series 2017 Bonds. Co-Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Series 2017 Bonds, or the interest thereon, if any action is taken with respect to the Series 2017B Bonds or the proceeds thereof upon the advice or approval of other counsel.

MUNICIPAL ADVISOR

PFM Financial Advisors LLC, Philadelphia, Pennsylvania (the “**Municipal Advisor**”), has been retained to render certain professional services to the City. The Municipal Advisor has provided advice on the plan of financing and structure of the Series 2017 Bonds and has assisted in the preparation of this Official Statement. The information set forth herein has been obtained from the Corporation, the City and other sources which are believed to be reliable. The Municipal Advisor has not independently verified the factual information contained in this Official Statement, but has relied on the information supplied by the Corporation, the City and other sources who have certified that such information contains no material misstatement of 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 2017 Bonds and funds invested in connection therewith. Neither CCG nor CCGAM has participated in the preparation, drafting, or review of this Official Statement.

UNDERWRITING

Stern Brothers & Co. and the other underwriters listed on the cover of this Official Statement (collectively, the “**Underwriters**”), have agreed to purchase the Series 2017A Bonds from the Corporation at a purchase price equal to \$21,925,297.73 (which amount constitutes the principal amount of the Series 2017A Bonds, plus net original issue premium on the Series 2017A Bonds of \$2,530,928.95, less the Underwriters’ discount on the Series 2017A Bonds of \$140,631.22) and to purchase Series 2017B Bonds from the Corporation at a purchase price equal to \$21,176,389.11 (which amount constitutes the principal amount of the Series 2017B Bonds, plus net original issue premium on the Series 2017B Bonds of

\$2,233,737.65, less the Underwriters' discount on the Series 2017B Bonds of \$ 137,348.54) pursuant to a Bond Purchase Agreement with the Corporation and the City (the "**Bond Purchase Agreement**"). The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2017A Bonds if any are purchased and/or all of the Series 2017B Bonds if any are purchased.

Loop Capital Markets, one of the Underwriters of certain Series of the Bonds, has entered into a distribution agreement with UBS Financial Services Inc. ("UBSFS") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the distribution agreement, UBSFS will purchase such Bonds from Loop Capital Markets at the original issue prices less a negotiated portion of the selling concession applicable to any Bonds that the firm sells.

J.P. Morgan Securities LLC ("**JPMS**"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "**Dealer Agreement**") with each of Charles Schwab & Co., Inc. ("**CS&Co.**") and LPL Financial LLC ("**LPL**") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells."

The Series 2017 Bonds are being purchased by the Underwriters from the Corporation for resale in the normal course of the Underwriters' business activities. The Underwriters reserve the right to offer any of the Series 2017 Bonds to one or more purchasers on such terms and conditions and at such price or prices as the Underwriters determine.

The Underwriters may offer and sell the Series 2017 Bonds to certain dealers, including dealers depositing Series 2017 Bonds into investment trusts and others at prices lower than the public offering prices stated on the inside cover page hereof. The initial public offering prices may be changed from time to time by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Corporation or the City for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Corporation or the City.

VERIFICATION OF MATHEMATICAL AND ARITHMETICAL CALCULATIONS

The accuracy of the mathematical and arithmetical computations (i) of the adequacy of the maturing principal amounts of the United States Government Obligations, together with the interest income thereon and uninvested cash, if any, to pay when due the principal of and redemption premium, if any, and interest on the respective series of Refunded Bonds; and (ii) relating to the yields related to (i) the United States Government Obligations and (ii) the Series 2017 Bonds, will be verified by Maher Duessel, Pittsburgh, Pennsylvania. Such verification of arithmetical accuracy and mathematical computations shall be based upon information and assumptions supplied by the City and on interpretations of the Code, provided by Co-Bond Counsel

CERTAIN RELATIONSHIPS

White Goss, a Professional Corporation, Kansas City, Missouri, and Polsinelli PC, St. Louis, Missouri are serving as Co-Bond Counsel with respect to the issuance of the Series 2017 Bonds. Schiff Hardin LLP, Disclosure Counsel to the City, also represents certain of the Underwriters from time to time on other transactions or matters. Each firm also represents the City, certain of the Underwriters and the Trustee from time to time on other transactions or matters. Hardwick Law Firm, LLC, St. Louis, Missouri and Bryan Cave LLP, St. Louis, Missouri, are serving as co-counsel to the Underwriters in connection with the issuance of the Series 2017 Bonds, and each firm also represents the City 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 Series 2017 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 Series 2017 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 and semi-annual financial information required in connection with tax increment and special district financing transactions for which the City has a continuing disclosure obligation. In addition, semi-annual information provided by one special district contained an incorrect reference to the year for which the information was provided. 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. The unaudited financial statements for a special district for which the City has a continuing disclosure obligation were filed 24 days late and certain semi-annual information was filed from 1 to 6 days late. 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. Additionally, the notice of an upgrade to the bond insurer for a series of bonds was not made in a timely manner. Information regarding the City's retirement systems for Fiscal Year 2014, 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 retirement systems have a fiscal year end date of September 30. As such, the City is unable to file such information until after its due dates.

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 and certain semi-annual information was filed 1 day 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 such information became available and were 21 days late. Certain other statistical and operating data for St. Louis Lambert International Airport that is required to be filed for certain of the City's continuing disclosure undertakings for Fiscal Year 2015, which had been filed on EMMA, was subsequently 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. As stated above, the City's retirement systems have a fiscal year end date of September 30. As such, the City is unable to file such information until after its due dates.

The City's annual financial information for Fiscal Year 2016 was filed on its due date. The unaudited financial statements for a special district for which the City has a continuing disclosure obligation were filed 5 days late and certain semi-annual information was filed from 1 to 8 days late. Certain operating and statistical data were initially not properly linked to one outstanding CUSIP number. Such CUSIP number has since been properly linked. Certain updates to statistical and operating data compiled by calendar year, were filed when such information became available and were 44 to 74 days late. Information regarding the City's retirement systems for Fiscal Year 2016, which is required to be updated pursuant to certain of the City's continuing disclosure undertakings, was filed on EMMA from 89 to 119 days late when such information was complete and available. As stated above, the City's retirement systems have a fiscal year end date of September 30. As such, the City is unable to file such information until after its due dates. 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 form of the Continuing Disclosure Agreement is attached hereto as **Appendix F**.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between or among the Corporation, the City and the purchasers or holders of any of the Series 2017 Bonds. Any statement made in this Official Statement involving matters of opinion herein are subject to change without notice and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City, or its agencies and authorities the Corporation.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The attached *Appendices A, B, C, D, E, and F* are integral parts of this Official Statement and must be read together with all of the foregoing statements.

The City has reviewed the information contained herein which relates to it and has approved all such information for use within this Official Statement. This Official Statement, its execution, and its delivery to and distribution by the Underwriters to prospective purchasers of the Series 2017 Bonds, have been approved and authorized by the Corporation and the City.

ST. LOUIS MUNICIPAL FINANCE CORPORATION

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

THE CITY OF ST. LOUIS, MISSOURI

By: /s/ Lyda Krewson
Lyda Krewson, Mayor

By: /s/ Darlene Green
Darlene Green, Comptroller

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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.

The City’s fiscal year is currently July 1 to June 30 (the “*Fiscal Year*”).

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 (as defined herein) 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 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 business and residential customers as well as to customers in St. Louis and St. Charles counties. The Water Division receives no financial support from the City’s general revenue or other non-Water Division 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 more than 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 based on the number of rooms, water closets, bathtubs or showers and front footage. For more than 115 years of testing, the Water Division has complied with all water quality regulations.

Airport

St. Louis Lambert International Airport (formerly, 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 non-Airport 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 in 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 2016 general fund expenditures for the Fire Department were approximately \$65.0 million (unaudited), which included \$6.6 million (unaudited) in pension costs. See “**FINANCIAL MANAGEMENT AND EXPENDITURE CONTROLS - Pension Reform**” and “**RETIREMENT SYSTEMS**” herein.

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 2016 general fund expenditures for the Police Department were approximately \$156.5 million (unaudited), which included \$28.4 million (unaudited) in pension costs. See “**FINANCIAL MANAGEMENT AND EXPENDITURE CONTROLS - Pension Reform**” and “**RETIREMENT SYSTEMS**” herein.

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 of America (the “*United States*”). MSD’s service area encompasses approximately 525 square miles including all 62 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 Proposition Y covering 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. As a result, the average rate for MSD customers in the City and the County will increase by approximately \$20 per month starting in 2019. In

addition to the approval of the MSD bond issuance, voters in April 2016 also approved Proposition S which will revamp funding for the regional storm water system. Historically, MSD provided limited storm water service to the City and the County, and the volume and type of services varied depending on location. Proposition S will put all customers on one tax rate so that all customers will receive the same level of storm water service. The tax increase from Proposition S will average approximately \$0.72 a year in the City; \$47 per year in areas in the western part of the County past the I-270 beltway; and will decrease an average of \$22 per year in the mid-County area along the I-170 beltway.

Metro

The Bi-State Development Agency of the Missouri-Illinois Metropolitan District d/b/a Metro (“Metro”), was established by an interstate compact between the states of Missouri and Illinois approved by an Act of Congress in 1950. 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. A ten member Board of Commissioners sets policy and direction for Metro. All Metro Commissioners are residents of the area served by Metro; five Missouri Commissioners are chosen by the State and five Illinois Commissioners are chosen by the State of Illinois in the manner and for the terms fixed by each states’ respective legislatures. From July 1, 2015 to June 30, 2016, Metro provided approximately 44 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, known as MetroLink, which currently extends for 46 miles. The largest component of the transit system, however, remains the bus service.

The predominant sources of revenue for Metro include appropriation of sales taxes approved by the voters of 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 2016, such sales tax subsidy appropriated to Metro totaled approximately \$40.28 million.

On April 4, 2017, the voters in the City approved Proposition 1, a half-cent sales tax increase to create, among other purposes, a North/South Metrolink line in the City. (See also “**GENERAL REVENUE RECEIPTS – Sales and Use Tax.**”)

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 and business districts. 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 cooperating with 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 Council of Governments, the Regional Convention and Sports Complex Authority and 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 to the City and the County 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 Convention and Visitors Commission

The St. Louis Convention and Visitors Commission (“SLCVC”) is an outgrowth of the City’s St. Louis Tourism Bureau, founded in 1909 by a group of local business leaders after the success of the 1904 World’s Fair, and the St. Louis County Office of Tourism. In 1984, those entities were combined by an act of the State legislature to form SLCVC as a regional commission of the State. The legislation also provided for a new hotel/motel gross receipts tax to fund the SLCVC and the Regional Arts Commission. The SLCVC is the official destination marketing organization responsible for promoting the City and the County as convention and meeting sites and as leisure travel destinations. The SLCVC’s eleven-member Board of Commissioners is headed by a chair appointed by the Governor of the State. Five board members are appointed by the Mayor of the City and five are appointed by the County Executive of the County. The SLCVC uses its hotel/motel gross receipts tax proceeds as well as revenues directly generated by America’s Center (defined below) and State funding, when available, to market and operate America’s Center.

In addition to its overall marketing functions, the SLCVC is also responsible for managing and marketing, pursuant to operating leases, the region’s two primary convention facilities as the “America’s Center.” America’s Center, which consists of a convention center (the “*Convention Center*”) formerly owned by the City and now owned by a City-affiliated nonprofit corporation and leased to the City pursuant to a lease purchase agreement, and the Dome at America’s Center (the “*Dome*”), constructed and owned by the Regional Convention and Sports Complex Authority (discussed below). The City is responsible for paying all of the debt service on bonds issued to build and improve the Convention Center and all of the capital expenses related to the Convention Center that are not financed with debt. See “**DEBT OF THE CITY**” herein.

The Convention Center, located in downtown St. Louis, 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 in conjunction with the construction of the Dome. 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.

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 Authority is subject to the joint control of the City, the County and the State.

The three governments entered into a contractual agreement with the Authority to sponsor the issuance of bonds to pay for the construction of the Dome at America's Center, to repay the bonds through rental payments to the Authority, subject to annual appropriation, and to make annual preservation payments for facility maintenance and renovations, all of which create an ongoing financial responsibility for the City, the County and the State. In addition, in October 2011, the Authority, in cooperation with the SLCVC, completed \$30 million in enhancements and improvements to the Dome. The Dome as originally constructed was intended as a home for a National Football League ("NFL") team as well as an expansion of the region's convention and meeting capacity and a venue for large concerts and other entertainment events. With the departure of the former St. Louis Rams (the "*Rams*") to Inglewood, California in 2016, the Dome is no longer home to an NFL team. Bonds issued to pay for the Dome's construction will be fully paid in 2020-21; the City, County and State obligation to make preservation payments continues through 2025. See **"ECONOMIC AND DEMOGRAPHIC DATA-Sports Related Economic Development."**

Education

The public school systems within the City are currently operated under the administration and control of the Transitional School District of the City of St. Louis (the "*School District*") and The Community College District of St. Louis and St. Louis County, Missouri (the "*Community College District*"). The School District provides elementary and secondary education within the City; the Community College District provides post-secondary, primarily vocational, education within the City and the County. Each district has a separate governing body, a separate budget and separate administrative structures. The School District and the Community College District are each empowered to levy taxes within their jurisdictions sufficient to finance the operations of each respective system. 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 319,294 as of 2010 according to the Bureau of the Census. 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 ("*SAB*") 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, SAB 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 SAB 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.

In April 2016, 69% of the voters in the City approved a tax increase of \$0.75 per \$100 of assessed property to provide \$28 million annually for teacher salaries, early childhood education, and expanded education programs.

The State also allows public charter schools to operate in the City (§160.400 R.S.Mo, as amended). 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 2017, approximately \$99.4 million of State aid for the School District was identified for charter schools and the amount identified for charter schools in Fiscal Year 2018 is expected to be approximately \$104.4 million. The School District is currently engaged in litigation with the State to reclaim a portion of the revenues that have been received in the past and may be received in the future by the City's charter schools.

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 serves City Hall and other municipal buildings, and is the only non-private source of steam in Downtown St. Louis. The steam loop is leased to a steam-generating private operator unrelated to the City. The lease term, which expired in March 2017, was extended to April 6, 2017. The City continues the process of negotiating the terms of a new long term lease with the current operator. 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, located in downtown St. Louis, 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 62 square-mile City is the center of the St. Louis Metropolitan Statistical Area (the "*Metropolitan Area*") consisting of the City, 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 and a portion of the City of Sullivan located in Crawford County, Missouri. As of 2014, The Metropolitan Area, covering approximately 8,649 square miles in the States of Missouri and Illinois, is the 19th largest metropolitan area in the United States in terms of population.

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

Year	City of St. Louis	Metropolitan Area
1980	452,801	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. The Downtown's core is comprised of two City neighborhoods, familiarly known as "Downtown" and "Downtown West," and encompasses approximately 2.15 square miles. The Downtown core population at the end of 2016 was approximately 9,542, which is an approximately 9.3% increase from 2015.

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 Energizer Holdings, Express Scripts, Emerson Electric, Monsanto, a division of Bayer, Reinsurance Group of America, Scottrade, Centene, Graybar Electric, Caleres Inc., Enterprise Rent-A-Car, Edward Jones, and Apex Oil. The City itself hosts such notable companies as Peabody Energy, Millipore Sigma, Stifel Financial, U.S. Bancorp Community Development Corporation, Wells Fargo Advisors, and the AB/InBev headquarters for the North American Region.

In November 2016, Boeing Co. ("*Boeing*") announced it would move 500 jobs from California to the County as part of a facilities consolidation. The support positions moving to the County include engineering and finance positions. On December 13, 2016, Boeing announced it would move the headquarters of its defense unit from the County to the Washington, D.C. area. The initial move, which took place on January 3, 2017, included approximately 12 executives. It is anticipated that an additional 50 staff positions will eventually move to the Washington, D.C. area.

The City is also a major center for higher education with the Washington University School of Medicine, and a portion of Washington University's main campus and St. Louis University's main, law and medical school campuses, and for health care with BJC HealthCare, all being headquartered in the City.

Tourism

According to the CVC, the City ranks among the top 25 markets nationally for hotel room inventory. Each year an estimated 25.9 million people visit the City for conventions, meetings, and other business and leisure travel. Such visitors spend an estimated \$5.4 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 88,000 area residents.

Downtown St. Louis has more than 7,170 hotel rooms within a mile of the Convention Center and an additional 1,000 are currently planned. In Fiscal Year 2016, 155 events with a total attendance of approximately 1,075,590 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 Rams to Inglewood, California.) The St. Louis hotel industry provides accommodations at such premier hotel brands as the Marriott, Four Seasons, Hilton, Embassy Suites, Drury, Holiday Inn and Hyatt as well as at newly developed boutique hotels, most of which are located in the City. 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.

The City Museum opened for visitors in 1997 and attracts more than 700,000 guests annually. The venue is a multi-story playhouse designed to host conventions and meetings. It is located near the America's Center convention complex and downtown hotels.

Opened in 2014, the Ballpark Village entertainment complex has several special event spaces and the Cardinals Hall of Fame Museum. The entire venue can host an event for up to 10,000 guests. Smaller events inside the village can be booked at several venues. The approximately \$240 million Ballpark Village Phase II project is anticipated to begin in calendar year 2017 including a 8,000 square foot event pavilion. (See **“ECONOMIC AND DEMOGRAPHIC DATA – Sports Related Economic Development”** below for a discussion of the Ballpark Village history.)

The National Blues Museum opened in April 2016. It features innovative, interactive and technological exhibits. The 23,000-square foot facility includes multifunctional space for performances and events to accommodate from 15 to 450 guests. The museum provides blues musical education, programming and opportunities to create blues music in a mixing booth.

The opening of the new North Gateway and Gateway Arch park, which is part of the \$380 million CityArchRiver project designed to transform the national park surrounding the Gateway Arch, occurred in April 2017. Designed by world-renowned landscape architecture firm Michael Van Valkenburgh Associates, the project is scheduled to be completed in early 2018. The completely renovated park, including Kiener Plaza and the new area that replaces a parking garage, offer safe green spaces for pedestrians walking to the historic monument on the riverfront to downtown hotels and the America's Center convention complex.

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. Twelve signatory airlines served the Airport in Fiscal Year 2016. There were 190,560 aircraft operations in calendar year 2016, including passenger, general aviation and military aircraft operations.

The Airport served approximately 13.3 million passengers in Fiscal Year 2016, up 6.4% from Fiscal Year 2015. In Fiscal Year 2016, Southwest Airlines accounted for approximately 52.5% of enplaned passengers, the largest share held by a single airline. American Airlines and US Airways merged during Fiscal Year 2016 and accounted for a combined 19.0% share of enplaned passengers in Fiscal Year 2016. Delta Air Lines accounted for a 13.4% share of enplaned passengers in Fiscal Year 2016.

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 regional Port of Metropolitan St. Louis, as defined by the U.S. Army Corps of Engineers, ranks as the third largest inland port in the United States handling more than 39 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*") completed a \$19.8 million dock rebuild in 2013 to expand the capacity and versatility of the City's Municipal River Terminal ("*MRT*") on the north riverfront (the "*EDA Project*"). The 2,000 foot dock can handle increased tonnages of bulk commodities and possibly international shipping containers. Such capacity does not currently exist anywhere on the 12,000-mile U.S. Inland Waterway. In 2015, the Port Authority negotiated a 25-year operating lease for the MRT with SCF Lewis and Clark Terminals LLC ("*SCF*"), 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 October 2016, the Port Authority completed \$466,000 in improvements to the south dock's 90,000 square foot warehouse that included replacing interior and exterior lighting with energy-efficient LED's. The Port Authority received a \$317,334 State grant toward this work and SCF provided the remainder of the funding.

The Port Authority is currently working with SCF to expand rail service at the MRT. The Port Authority has hired Jacobs Engineering Group Inc. for a site grading and drainage plan, flood wall gate alterations, and construction documents. For exterior rail access planning, the Port Authority hired Design Nine, Inc. The total project will build new interior and exterior track to allow 110-car unit trains into the yard where they will be loaded/unloaded in less than 24 hours. The City's Board of Public Service put the estimated \$4.0 million project out for bid in the summer of 2017. The Port Authority has received \$1.2 million in State funding toward the project. SCF will provide the 20% match and the additional funds required to complete the project.

SCF continues to expand the MRT's physical plant. It has demolished several structures and is planning to construct a new warehouse. SCF has funded the demolitions and will provide 100% of the funding for the new warehouse and other such projects.

In 2012, the metropolitan planning agency, East-West Gateway Council of Governments ("*East-West*"), completed a Regional Freight Study that called for the creation of a regional freight authority. The Port Authority, East-West, and other area shipping interests, created the St. Louis Regional Freightway (the "*Freightway*"). Housed at the Bi-State Development Agency, the Freightway spearheads freight infrastructure improvements and marketing strategies to promote the region across the country and around the world. It has launched its website, developed a list of the area's 25 most needed infrastructure projects and signed a Memorandum of Understanding with the Port of New Orleans to promote river-borne commerce between the City and New Orleans. In addition to being located at the heart of the Inland Waterway Gateway (St. Louis), St. Louis has the third largest U.S. rail hub, connected to regional short lines and six Class 1 railroads, including 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.

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, December 2016 data shows that manufacturing jobs represented 8.0% or 111,600 of the total 1,392,100 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 211,602 non-farm jobs within the City as of September 2016, representing 7.6% of the State'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 2016:

**City Employment by Industry Group
(Total Non-Farm)**

<u>Industry Group</u>	<u>Employees</u>	<u>Percentage</u>
Services - Education & Health	60,597	28.4%
Services - Professional & Business	35,721	16.7
Government	30,394	14.3
Leisure & Hospitality	27,586	12.9
Transportation & Utilities	15,841 ¹	7.4
Manufacturing	17,055	8.0
Finance Activities	14,616	6.9
Services - Other	6,448	3.0
Natural Resources, Mining & Construction	- ²	-
Information	5,029	2.4
Total	213,287	100.0%³

Source: U.S. Bureau of Labor Statistics ("BLS"), Quarterly Census of Employment and Wages (Annual Averages)

¹Formerly: Trade, Transportation & Utilities. BLS no longer includes Trade in this category.

²Data no longer meets BLS or State agency disclosure standards.

³Total 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	Average	Average	Average	Average
	2017	2016	2015	2014	2013
Labor Force	156,952	161,074	163,001	161,200	159,704
Number Employed	149,559	152,364	153,139	148,789	146,133
% City Unemployed	4.40	5.40	6.10	7.70	8.50
% State Unemployed	4.20	4.50	5.0	6.10	6.70
% U.S. Unemployed	4.60	4.85	5.3	6.20	7.40

Source: Missouri Economic Research & Information Center and BLS.

The above rates are not seasonally adjusted.

Major Taxpayers

In Fiscal Year 2016, taxes totaled approximately \$262.0 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 \$123.2 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 2012 through 2016:

Calendar Year	Value of Housing		Value of Commercial	Total Value of Construction	Total Permits Issued
	New	Rehabilitation	Industrial or Other Non-Housing		
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
2016	84,816,641	79,587,859	376,089,688	540,494,188	4,217

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 into 2016. The region's first IKEA store, located in the Cortex area, opened in 2015. St. Louis College of Pharmacy and St. Louis Children's Hospital undertook projects totaling more than \$36 million in the Central West End neighborhood and Barnes-Jewish Community Hospital continued improvements to their campus with the start of a renovation project estimated at over \$12 million. Along with two multi-story mixed-use projects totaling \$44 million, the Central West End continues to attract significant investment. Wells Fargo Advisors began renovations of their campus in the Midtown neighborhood estimated at nearly \$14 million. Large residential developments in the West End neighborhood and on the southern border of Forest Park, estimated at \$17 million and \$34.5 million, respectively, also broke ground in 2016. See "**Development**" below.

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

The City Parks and Recreation Department (the "*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 landscaped medians, strips and triangles comprising some 250 additional acres. Its maintenance responsibilities consist of cutting and trimming all park acreage and 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 Department's Horticulture Section is responsible for the operation of eighteen greenhouses in which are propagated over 450,000 flowering and foliage plants annually. The Department's 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, and 75 playgrounds. In addition, the Section maintains water and sewer lines, removes graffiti, and services fountains and irrigation systems within the City's parks and other landscaped areas.

The largest park in St. Louis, Forest Park, is located at the western edge of the City and includes 1,293 acres. It is the home to most of the region's major cultural institutions—the Zoo, the Art Museum,

the History Museum, the Science Center and the Municipal Theater Association of St. Louis. 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. A public-private partnership, Forest Park Forever, has assumed significant responsibility for improving and maintaining Forest Park.

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 fiscal year. This revenue, minus the administrative expenses, was made available to the sub-districts based on their respective tax levies.

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 Proposition P 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 \$221 million in private funding has been raised by the CityArchRiver Foundation from gifts, grants and donations. The foundation raised another \$29 million to seed an endowment to maintain the improvements. The CityArchRiver 2015 project broke ground in August of 2013. Since that time, the raised central riverfront between Chouteau and Biddle streets has opened with a new bike lane and other amenities. The “Park over the Highway” and Luther Ely Smith Square were completed in November 2015 and hosted the “Blues at the Arch” concert series in August 2016. The park around the Arch, including the North Gateway near Laclede’s Landing, opened in November 2016. In addition, a museum is scheduled to be completed in 2017. Looking to the future, the CityArchRiver Foundation will transition to a conservancy to activate and maintain the park.

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 the 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 is expected to 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, develop 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, \$45 million in 2015 and \$75 million in 2016.

More than \$4.5 billion in development has been completed in Downtown since 1999. 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, including a Ferris wheel and an aquarium, to be located in the southern portion of Union Station. The five building City View Apartments redevelopment is now complete - 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 have been rehabilitated at a cost of \$30.1 million with approximately 780 market rate units. Construction on a 400 space parking garage to serve the complex 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. Other expanding Downtown operations include the marketing firm Group 360, U.S. Bancorp, KPMG, Community Development Corporation, the Cool Fire Group, Spire (formerly Laclede Gas) and Brown & James. Other significant new projects Downtown include the completion of the \$32.0 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 \$19.0 million and the completion of the 132 unit, 25 story Tower at Old Post Office Square in July 2014 at the cost of \$22.0 million. The \$118.0 million Arcade Building with approximately 300 housing units and the expanded Webster University Campus and Lindenwood University Campus were completed in January 2016. Renovation of the Monogram building on Washington Avenue has now commenced. The \$57.3 million project will include 168 market-rate residential apartments and a pre-school. Additionally, the renovation of the La Salle building to an 88 room Hotel Indigo at the cost of approximately \$12.0 million and the renovation of 1900 Washington Avenue with 36 apartments and 4,000 square feet of retail space at a cost of approximately \$8.0 million are also underway.

Other Downtown construction projects include the completed \$20.0 million reinvention of the 500 North Broadway office building in 2013; the completion of Phase II of the \$144.0 million 210 North Tucker IT building; the completed \$14.7 million conversion of the 1900 Pine building (now known as Station Plaza) to 72 affordable loft style apartment homes; the completion of the \$5.0 million rehabilitation of the 2200 Locust mixed-use building (now known as the Lacassian Lofts) with 7,000 square feet of commercial space and 27 residential units; and the completion of the \$46 million renovation of the GenAm Building at 706 Market Street to accommodate the Spire headquarters.

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. 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.

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.

The eastern section of the main campus of Washington University (known as the Frost Campus) is undergoing major expansion with seven new buildings and underground parking. The St. Louis University medical center has partnered with SSM Health to build a new \$550 million hospital. Additionally, St. Louis University recently completed two new student housing buildings with a total of 700 units, BJC Medical

Center has just completed an approximately \$1.0 billion rebuilding program and is set to begin an additional approximately \$1.0 billion phase of its rebuilding program.

Beyond Downtown, a resurgence of manufacturing continues, 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 Millipore Sigma, 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.

On June 2, 2016, the National Geospatial-Intelligence Agency (“NGA”) formally announced the City was chosen as the site for the construction and operations of the Next NGA West Campus (N2W). The new site will be located at the corner of north Jefferson Avenue and Cass Avenue and will replace the current facilities located at South 2nd Street in the City. Following a comprehensive review by NGA, the City site was determined to be the best choice considering mission needs, security, cost, environmental analysis, as well as several other factors. The NGA and its forerunner agencies have operated in the City since 1952. The new N2W facility is anticipated to include 800,000 square feet of office space, a visitor control center, central utility plant, structured parking, and a remote inspection facility that will accommodate approximately 3,150 government and contractor personnel. Construction of the \$1.75 billion project has begun with archaeological work complete, relocations underway, and brownfield work beginning. The project is expected to be completed in 2023 or 2024.

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 early 2013, the City approved a tax increment financing plan entitled the St. Louis Innovation District Tax Increment Financing (TIF) Redevelopment Plan (the “*Cortex TIF*”) (formerly known as CORTEX TIF). The Cortex TIF is located in the western portion of the City east of Forest Park and the BJC/Washington University Medical Center Campus, southeast of the Central West End. The Cortex TIF redevelopment area includes over 168 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 March 2017, the City has activated five of the redevelopment project areas, or “RPAs”. Recent projects within those five RPAs include a 218,000 square foot office building for BJC Healthcare (approximately \$45 million investment), renovation of a 183,000 square foot building by Wexford Science & Technology (approximately \$73 million investment) now known as the @ 4240 Building, a 90,000 square foot building for the Shriners Hospital, a 380,000 square foot IKEA retail home furnishings store, and a \$12 million linear park known as Cortex Commons (the “*Commons*”). Most recently, construction was completed on the 4260 Building on Forest Park Boulevard adjacent to the Commons, which now houses Alchemy and TechShop, a “maker space” fabrication studio. TechShop’s community-based, open-access workshop provides members the use of state-of-the-art manufacturing tools, equipment and software. The \$100 million “Cortex 3.0” phase of development is underway and includes a tech/lab building housing Microsoft, amongst others, a boutique hotel, and a new public amenity – “Innovation Hall” – which will serve as a meeting and conference venue for developing businesses in the District (as well as the region). In addition, the development of The Foundry, an approximately \$200 million mixed-use project east of the Cortex area began in 2016.

Other City development projects along the central corridor include the following completed or soon to be completed projects: the \$75 million 100 North Euclid Orion building with 177 residential units and

a 38,000 square foot Whole Foods market in the CWE; the \$13 million Mercedes of St. Louis dealership on Hampton near Oakland; the renovation of 3852 Laclede Avenue for the \$11.6 million 50 unit Laclede Lofts project; the new 82 unit, \$10 million apartment building constructed at 245 North Union; the \$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; the renovation at the cost of \$25 million of the Metropolitan Building for artist lofts; and the 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 are the \$65 million, 12-story, Lindell Residences at Euclid Avenue with 10,000 square feet of retail space and development of approximately 700 units of campus student housing at St. Louis University. The renovation of the vacant Missouri Theater Building is expected to begin in calendar year 2017. Phase one of the approximately \$53 million project will include a hotel and office space.

Citizen Park, a \$65 million 12-story 218 unit apartment building including 10,000 square feet of retail space; the \$24 million renovation and adaptive reuse of 625 N. Euclid; and the renovation and expansion of 4526 Olive, including ground floor commercial space and 33 apartments have all been completed. The \$53 million renovation of the Missouri Theater Building on North Grand which includes a hotel, office and retail space is scheduled to begin in late 2017.

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 Bissinger's Chocolates; 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 development projects include the \$8.5 million Jefferson Commons; the \$15 million 37,000 square foot Field Foods and the A.T. Still Dental University in the City Hospital redevelopment area, as well as a number of new single-family houses being built in the Lafayette Square neighborhood. In 2016, Tim Hortons began construction of a new store in the City Hospital redevelopment area.

Numerous projects in the Forest Park Southeast neighborhood are planned, underway or have been completed, including the \$60 million mixed-use Chouteau's Grove project located at Manchester and Sarah, which includes 271 apartment units and 20,000 square feet of retail space; the \$6.3 million 1401 Manchester mixed-use project including 33 apartment units and 12,000 square feet of retail space; the \$34 million 1519 Tower Grove project including 160 loft-style apartments and 2,800 square feet of retail space; and residential rehabilitations throughout the neighborhood. In addition to the numerous residential rehabilitations and some new construction projects in the Forest Park Southeast neighborhood, similar developments are occurring in the Botanical Heights, Shaw, and Tower Grove South neighborhoods.

Continued focus on improving commercial districts throughout the City is making City living and neighborhoods more desirable. The City continues to 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.

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 football team who have relocated to Inglewood, 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 one 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 2016 Cardinals’ regular season on the region was approximately \$344.2 million with an estimated \$184.1 million of direct impact and \$160.1 million of indirect economic activity. According to the St. Louis Regional Chamber, the combined economic impact of the Cardinals’ two playoff games in 2015 was \$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.

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. In March 2016, *Forbes Magazine* reported that the Cardinals are the seventh most valuable team in MLB, worth \$1.6 billion with revenues in the 2015 season of approximately \$300 million and operating income of approximately \$59.8 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 (“*Ballpark Village Phase I*”). Ballpark Village Phase I includes a Cardinals Nation venue comprised 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 Phase I 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. Ballpark Village Phase I also 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. The City has discussed future phases for Ballpark Village with the principals of the Ballpark Village Development Corporation and anticipates that there will be future phases of development at Ballpark Village. Ballpark Village Phase II, at a cost of approximately \$240 million, is anticipated to begin in calendar year 2017. It will include a 29-story building with approximately 280 apartments, 500 parking spaces and 11,000 square feet of retail space, a 9-story office and hotel building with 180 hotel rooms, 400 parking spaces, 120,000 square feet of office space and a 2-story event pavilion.

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 2016-2017 season, the Blues finished third in their division and qualified for the Stanley Cup playoffs.

On January 4, 2016 the Rams ownership submitted a relocation application to the 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. First and second round games for the 2020 men's NCCA tournament and the 2021 wrestling championship will be held at the Scottrade Center. The 2016 U.S. Men's Gymnastic Olympic Trials and the 2016 and 2017 P&G Gymnastics Championships for women and junior men's gymnastics were 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.

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 to the Board of Aldermen for the ensuing Fiscal Year based on information provided by the various City departments, including the Budget Division, as well as 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 board 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 a proposed budget and 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 recommend to the Board of Aldermen the appropriation of 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 2015 was awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association ("GFOA"). It was the twenty-eighth 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

The Fiscal Year 2018 Annual Operating Plan continues the ongoing effort to allocate the City's resources to maximize the effectiveness of programs and services for maintaining the quality of life of its residents, visitors and businesses. Current year end projected revenues on a cash basis for Fiscal Year 2017 have revenues tracking fairly closely to original budget estimates. Earnings Tax receipts are outpacing original budget estimates while the Payroll Tax and Sales tax are underperforming. Property Tax receipts and Departmental Receipts, which include most service fees, have been coming in at budget, while a decline in Franchise Tax revenue, which includes taxes on utilities. In particular, telecommunications taxes, are falling short of budgeted amounts. Overall revenues are tracking under original estimates by approximately \$2.3 million. Expenditures in areas such as fire and police overtime are tracking over budget and are being offset with underspending in other areas of the budget. Overall, cash basis projections assume results near break-even by the end of Fiscal Year 2017. Historical trends suggest long term revenue growth continues in the 1.5% range each year. The ability to meet the rising costs of services and growing infrastructure needs with 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. Specifically, 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 2018 are forecast at \$510.5 million, an increase of 0.2% over revised year-end estimated revenues of \$508.7 million for Fiscal Year 2017. Fiscal Year 2017 revenues, however, include a cyclical draw from the 27th pay reserve (an event which occurs every eleven years) and after adjusting for this revenue, base revenue for Fiscal Year 2018 is projected to increase 2.2%. Major revenue sources, such as the Earnings Tax, are projected to maintain underlying growth of approximately 2.7%. Sales tax receipts are projected to increase approximately 1.0% in Fiscal Year 2018. Other revenues, such as Property Tax receipts, are projected to increase 1.5% and Franchise Taxes and Departmental Receipts, collectively, are projected to increase 4.8%.

The proposed Fiscal Year 2018 General Fund budget has total expenditures at \$510.5 million, a decrease of 0.1% from the Fiscal Year 2017 budget. However, as noted above, following its biweekly pay calendar, the City is experiencing a 27th pay period in Fiscal Year 2017. After adjusting for this event, the base growth in budgeted expenditures is 1.9%. Approximately 75% of the budget is related to salary and benefit costs of employees. Police and public safety represent about 57% of the total proposed Fiscal Year 2018 General Revenue Fund budget. With \$168.1 million in operating and pension costs, the Police Department represents approximately 33% of the proposed General Revenue Fund budget and is the largest component of the public safety function. The remaining proposed 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 proposed General Revenue Fund budget also funds the majority of parks and recreation operations at \$21.0 million, streets, traffic and

refuse collection at \$35.2 million, and general government and finance operations at \$32.8 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 in the amount of \$55.3 million. Debt service payments for large projects funded through lease arrangements are included in the General Revenue Fund allocation in the amount of \$33.7 million. Lease debt payments in Fiscal Year 2018 include the annual lease payments on the Scottrade Center, the Convention Center/Dome and the City Justice Center and Carnahan Courthouse complexes. The Fiscal Year 2018 proposed budget also includes the second year payment of \$1.5 million related to the NGA development. The remainder of the proposed Fiscal Year 2018 General Revenue Fund budget can be categorized as paying for public engineering services, maintenance and operation of public buildings and fleet services. All budget amounts are as currently proposed with the budget to be finalized by June 30, 2017.

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 2012 through 2016.

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)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
REVENUES					
Taxes	\$ 364,291	\$ 363,392	\$ 365,469	\$ 344,561	\$ 339,818
Licenses and permits	19,830	19,938	19,279	18,358	16,769
Intergovernmental	22,413	25,130	21,948	21,203	21,988
Charges for services, net	31,927	28,880	32,067	35,760	29,632
Court fines and forfeitures	4,009	4,916	10,810	11,022	12,103
Investment income	390	209	241	192	138
Interfund services provided	4,488	858	3,464	5,531	4,293
Miscellaneous	7,499	7,997	8,587	4,799	5,472
Total revenues	<u>454,847</u>	<u>451,320</u>	<u>461,865</u>	<u>441,426</u>	<u>430,213</u>
EXPENDITURES					
Current:					
General government	39,875	47,417	65,926 ¹	45,896 ¹	41,845
Convention and tourism	124	126	119	112	123
Parks and recreation	19,236	18,554	18,777	19,050	18,059
Judicial	44,955	44,799	46,367	47,137	45,916
Streets	34,858	37,480	33,524	32,714	33,185
Public Safety	273,112	266,734	272,172	259,909	260,143
Health and welfare	3,415	3,355	3,229	10,939	3,005
Public services	36,167	32,054	33,236	22,116	24,942
Debt service	31,793	34,336	32,377	34,828	32,925
Total expenditures	<u>483,535</u>	<u>484,855</u>	<u>505,727</u>	<u>472,701</u>	<u>460,143</u>
Deficiency of revenues over expenditures	<u>(28,688)</u>	<u>(33,535)</u>	<u>(43,862)</u>	<u>(31,275)</u>	<u>(29,930)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of leasehold revenue (refunding) bonds	17,197	21,905	—	—	49,825
Issuance of certificates of participation	—	5,195	—	—	—
Bond premium on debt issuances	—	—	—	—	4,038
Premium on bond issuances	3,012	3,097	—	—	—
Payment to refunded escrow agent	(19,648)	(29,497)	—	—	(53,172)
Firemen's Retirement EAN note proceeds	—	—	—	—	5,278
Transfers in	37,397	38,954	38,346	40,058	40,573
Transfers out	(15,637)	(13,191)	(16,680) ²	(9,995)	(10,090)
Total other financing sources (uses), net	<u>22,321</u>	<u>26,463</u>	<u>21,666</u>	<u>30,063</u>	<u>36,452</u>
Net change in fund balances	<u>(6,367)</u>	<u>(7,072)</u>	<u>(22,196)</u>	<u>(1,212)</u>	<u>6,522</u>
Fund balances:					
Beginning of year	28,653	35,725	57,921 ³	55,870	49,348
End of year	<u>\$ 22,286</u>	<u>\$ 28,653</u>	<u>\$ 35,725</u>	<u>\$ 54,658</u>	<u>\$ 55,870</u>

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.

Source: Audited Financial Statements

Table II shows a General Revenue Fund summary of operations on a budgetary (cash) basis for Fiscal Years 2012 through 2016.

[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 \$79.6 million in Fiscal Year 2016. These declines can be attributed primarily to recent reforms to the Firefighters' Retirement Plan as well as improved market performance over the past few years. The Fiscal Year 2017 budget has an increase in costs of \$2.9 million due primarily to a change in plan assumptions from a recent experience study of The Firemen's Retirement System of St. Louis plan. For more information, see **"RETIREMENT SYSTEMS"** herein.

GENERAL REVENUE RECEIPTS

The following table sets forth the percentage of receipts (on a cash basis) for various categories of the General Revenue Fund for Fiscal Years 2014 through 2016:

General Revenue Fund Receipts by Category

	Fiscal Year		
	2016	2015	2014
TAXES:			
Earnings	33.82%	32.86%	32.42%
Franchise	10.20	10.65	11.12
Sales	10.96	11.08	10.41
Gross Receipts	1.52	1.57	1.64
Motor Vehicle Sales Tax	0.66	0.63	0.60
Real Estate	9.26	9.15	9.32
Personal Property	2.41	2.41	2.31
Payroll	7.65	7.76	7.46
Other Taxes	<u>0.33</u>	<u>0.31</u>	<u>0.40</u>
Total Taxes	<u>76.81</u>	<u>76.42</u>	<u>75.68</u>
License Fees	3.96	4.02	3.99
Departmental Receipts	11.38	11.94	12.67
Transfers	<u>7.85</u>	<u>7.63</u>	<u>7.66</u>
	<u>100.00%</u>	<u>100.01%</u> ¹	<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 34% of the total for Fiscal Year 2016.

In November of 2010 a citizens group collected sufficient signatures for a state-wide ballot initiative to 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 2012 through 2016, on a cash basis, are set forth below:

Fiscal Year	Earnings Tax
2012	\$151,005,918
2013	150,989,576
2014	154,536,949
2015	160,719,695
2016	166,156,075

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 2012 through 2016, on a cash basis, are set forth below:

Fiscal Year	Payroll Taxes
2012	\$34,429,039
2013	35,868,469
2014	35,553,296
2015	37,983,321
2016	37,573,673

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 natural gas and electricity sales is 10% of commercial gross receipts and 4% of residential gross receipts. 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 City Water Division sales are taxed at 10% of gross receipts from all users, and Airport gross receipts are taxed at 5%. All of the aforementioned receipts accrue 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 2012 through 2016, on a cash basis, are set forth below:

Fiscal Year	Franchise Tax
2012	\$50,126,199
2013	53,390,046
2014	53,016,914
2015	52,076,506
2016	50,197,749

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 Transitional 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.

On November 8, 2016, the voters of the State approved an amendment to the Missouri Constitution prohibiting State and local governments from imposing any new sales or use tax on any transaction or service that was not subject to a sales or use tax as of January 1, 2015. The passage of the amendment does not directly increase or decrease any City taxes. The impact of the amendment, if any, on State and local governments, such as the City, are unknown at this time.

On April 4, 2017, the voters in the City approved Proposition 1, a half-cent sales tax increase for economic development purposes including: (1) a North/South Metrolink line; (2) neighborhood revitalization; (3) workforce development; (4) public safety; and (5) to upgrade the City's infrastructure. The approval of Proposition 1 triggered a corresponding half-cent use tax increase. The City's administration has not yet publicly released its specific plans for the revenues generated by the imposition of the new sales and use taxes. See also **"OTHER LOCAL COMMISSIONS AND AGENCIES – Metro."**

The City's General Revenue Fund sales tax revenues for Fiscal Years 2012 through 2016, on a cash basis, are set forth below:

Fiscal Year	Sales Tax
2012	\$50,366,029
2013	47,920,321
2014	49,606,305
2015	54,196,917
2016	53,838,508

Source: City Comptroller's Office.

Gross Receipts Tax

The City's Gross Receipts Tax revenues are derived from three sources: (1) public garage and parking lots gross receipts; (2) amusement admission gross receipts; and (3) restaurant gross receipts. The City's Gross Receipts Tax revenues for Fiscal Years 2012 through 2016, on a cash basis, are set forth below:

Fiscal Year	Gross Receipts Tax
2012	\$7,074,721
2013	7,064,567
2014	7,810,667
2015	7,668,150
2016	7,489,986

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

Motor Vehicle Sales Tax

The City's Motor Vehicle Sales Tax is collected by the State together with 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 2012 through 2016, on a cash basis, are set forth below:

Fiscal Year	Motor Vehicle Sales Tax
2012	\$2,789,955
2013	2,734,713
2014	2,838,298
2015	3,076,608
2016	3,243,191

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 2012-2016 are set forth below:

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	
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
2016	3,,340,864,969	14,336,934,034	811,053,478	2,433,160,677	168,050,610	4,319,969,057

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 2012-2016 is set forth below:

Calendar Year	Residential	Commercial	Total Real Property
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
2016	9,591,977,400	4,744,956,634	14,336,934,034

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 2012-2015 are set forth below:

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

Source: Collector of Revenue.

Taxes appealed and paid under protest are placed in escrow and disputed amounts distributed to the City when the appeal is resolved, 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 2012 through 2016, on a cash basis, are set forth below:

Fiscal Year	Real Property	Personal Property
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
2016	45,484,987	11,821,802

Source: City Comptroller's Office.

Property tax rates per \$100 assessed annual valuation for calendar years 2013-2016 are set forth below:

	Calendar Year			
	2016	2015	2014	2013
City of St. Louis:				
Municipal purposes	1.0000	0.9928	0.9833	0.9772
County purposes	0.3500	0.3500	0.3500	0.3500
Hospital purposes	0.1000	0.1000	0.1000	0.1000
Public health purposes	0.0200	0.0200	0.0200	0.0200
Recreation purposes	0.0200	0.0200	0.0200	0.0200
Interest and public debt	0.1331	0.1330	0.1330	0.1420
Total City of St. Louis	1.6231	1.6158	1.6063	1.6092
Overlapping governments:				
State Blind Pension Fund	0.0300	0.0300	0.0300	0.0300
Board of Education of the City of St. Louis	5.1211	4.3711	4.3711	4.3711
St. Louis Community College	0.2185	0.2176	0.2200	0.2200
Metropolitan St. Louis Sewer District	0.1196	0.0876	0.0879	0.0874
Sheltered Workshop District	0.1500	0.1500	0.1500	0.1500
St. Louis Public Library	0.5600	0.5600	0.5600	0.5600
Community Mental Health	0.0900	0.0900	0.0900	0.0900
Community Children's Service Fund	0.1900	0.1900	0.1900	0.1900
Metropolitan Zoological Park and Museum District:				
Zoological Sub-district	0.0799	0.0793	0.0800	0.0800
Art Museum Sub-district	0.0799	0.0793	0.0800	0.0800
Museum of Science and Natural History Sub-district	0.0399	0.0397	0.0399	0.0399
Botanical Garden Sub-district	0.0399	0.0397	0.0399	0.0399
Missouri History Museum Sub-district	0.0399	0.0397	0.0399	0.0399
Total overlapping governmental	6.7587	5.9740	5.9787	5.9782
Total City of St. Louis and overlapping governmental	\$8.3818	\$7.5898	\$7.5850	\$7.5874

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 2012 through 2016, on a cash basis, are set forth below:

Fiscal Year	Other Taxes
2012	\$1,735,884
2013	1,548,481
2014	1,526,215
2015	1,527,632
2016	1,709,964

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 2012 through 2016, on a cash basis, are set forth below:

Fiscal Year	License Fees
2012	\$16,786,837
2013	17,900,828
2014	19,035,290
2015	19,662,379
2016	19,467,598

Source: City Comptroller's Office.

The City License Collector is currently holding approximately \$125,367 in business license fees paid under protest pending the completion of an appeals process prescribed by State law.

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 2012 through 2016, on a cash basis, are set forth below:

Fiscal Year	Departmental Receipts
2012	\$58,690,300
2013	63,722,691
2014	60,417,653
2015	58,400,330
2016	55,882,737

Source: City Comptroller's Office.

Operating Transfers

A major source of funds transferred to the General Revenue Fund is from other Special Revenue Funds. Other Special Revenue Funds consist of the Tourism Fund and pledged accounts released on lease purchase agreements. Remaining transfers to the General Revenue Fund are from 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 revenues are transferred to the General Revenue Fund in compliance with the City's operating procedures.

The City's Operating Transfers for Fiscal Years 2012 through 2016, on a cash basis, are set forth below:

Fiscal Year	Operating Transfers¹
2012	\$33,409,382
2013	35,708,194
2014	36,510,334
2015	37,327,476
2016	38,569,335

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 for specific services. 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 for a nonprofit corporation, Public Facilities Protection Corporation ("*PFPC*"), from which all judgments or settlements are paid. Expenditures for judgments and settlements during Fiscal Years 2012 through 2016 are set forth below:

Fiscal Year	Expenditures
2012	\$1,745,778
2013	2,287,537
2014	2,053,860
2015	1,853,764
2016	1,846,271

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.

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 2013 through 2017:

Fiscal Year	TRANS Issued During Fiscal Year	As a Percent of General Revenue Fund Revenues¹
2013	\$65,000,000	13.79%
2014	65,000,000	13.64
2015	65,000,000	13.29
2016	60,000,000	12.02
2017	60,000,000	12.21 ²

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

² The percentage is based on Fiscal Year 2017 revenue estimates.

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, 2017:

Description	As of April 30, 2017	Term O/S	Footnote #
General Obligation Bonds	\$ 37,345,000	19	1
Section 108 Loan Guarantee:			
Convention Center Hotel	\$ 16,250,000	4	3
Darst Webbe	5,910,000	4	4
Total Section 108 Loan Guarantee	\$ 22,160,000		
MTFC Multimodal Direct Loan	\$ 529,661	1	6
Capital Lease- Rolling Stock	\$ 11,334,470	3	7
Kiel Certificates of Participation	\$ 3,815,000	5	1
Obligations with component units:			
Convention Center Hotel Capital Lease	\$ 21,979,833	3	1
Recovery Zone Facility Special Obligation Redevelopment Bonds 2010 (One City Centre)	15,124,979	23	1
	\$ 37,104,812		
Loan agreement with Forest Park Forever	\$ 13,180,000	26	8
Leasehold revenue improvement and refunding bonds:			
CABS 2005	\$ 44,997,891	13	1
Convention Center Capital Improvement Projects & Infra Series 2009 A&B	31,016,922	21	1
Convention Center Refunding & Capital Improvement Project Series 2010	24,736,396	20	
Convention Center Refunding & Capital Improvement Project Series 2015	23,585,000	13	1
Justice Center Leasehold Revenue Refunding Bonds Series 2017	5,355,000	3	1
Justice Center Leasehold Revenue Ref Bonds Series 2011	10,170,000	2	1
Forest Park Revenue 2015	5,795,000	5	1
1520 Market Street Series 2015A	6,015,000	8	1
1520 Market Street Series 2015B	12,888,507	18	1
Recreation Sales Tax Refunding Bonds Series 2016	40,980,000	20	1
Pension Funding Project Series 2007	125,670,000	20	1
Police Capital Projects Series 2007	21,160,000	20	1

Public Safety Sales Tax Pension			
Funding 2008	6,500,000	2	1
Juvenile Detention 2008	21,425,000	21	1
City Parks Series 2014	25,060,000	17	1
Refuse Facility & Municipal Garage, Series 2016A	5,975,000	9	1
Refuse Facility Project, Series 2016B	4,710,000	5	1
Carnahan Courthouse Leasehold Revenue Refunding, Series 2016A	16,865,000	10	1
Qualified Energy Conservation Bonds, 2016B	3,635,000	14	1
Taxable Leasehold Revenue Bonds (Energy Efficiency Program) 2016C	340,000	3	1
	<u>\$ 436,879,716</u>		
Joint venture financing agreement:			
Convention & Sports Facility Project and Refunding Bonds Series C 2007 (includes Preservation Payments)	<u>\$ 24,068,663</u>	5	5
DNR loan program with Water	<u>\$ 8,484,819</u>	5	5
Enterprise Revenue Bonds/Loan Programs			
Airport	\$ 647,825,000	17	1
Parking Division	<u>58,604,371</u>	17	1,2
Governmental Funds	<u>\$ 706,429,371</u>		
Total Debt	<u><u>\$ 1,301,331,512</u></u>		

1) See the Official Statement for the applicable series of 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.

Tax Increment Financing Projects

The City has approved many Tax Increment Financing (“TIF”) projects. With the exception of the One City Centre bond issue, to the extent that the City has issued or will issue TIF revenue bonds to finance projects, such bonds will be paid exclusively from TIF revenues generated in the respective TIF redevelopment 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 a series of bonds issued in 2006 to fund the Euclid-Buckingham garage that cost approximately \$4.5 million. City general revenues may be used to make payments on the One City Centre bonds if TIF revenues generated within that redevelopment area are not sufficient to pay amounts due in any year.

Four projects have been financed with Industrial Development Authority (“IDA”) 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 Redevelopment Project 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 IDA 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, 2017, the outstanding balances on the TIF Revenue Bonds were \$616,000 for Edison Brothers, \$1,085,000 for MLK Development, \$4,340,000 for the Southtown Refunding Bonds, and \$11,540,000 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, each of which is now under new and separate ownership. 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 owners of the Convention Hotel properties 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 properties 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 Convention Hotel in February 2009. Subsequently, the redevelopment agreement was amended whereby the PILOT payments owed by the Convention 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. In addition, in 2012, the IDA issued bonds backed by a “pool” of TIF notes from several TIF redevelopment projects.

Missouri Downtown and Rural Economic Stimulus

The City approved one Missouri Downtown Economic Stimulus Act (“*MODESA*”) financing 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 and a portion of the State sales and income tax revenues, in addition to traditional local TIF revenues, are made available to make payments on *MODESA* debt. 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 IDA issued *MODESA* bonds in the amount of \$18,550,000 (the “*Ballpark Village Bonds*”) to fund Phase I of the Ballpark Village project on January 30, 2013. In addition to the real property PILOTs and a portion of City sales and other economic activity taxes, the Ballpark Village Bonds are expected to be repaid from a portion of certain State income and 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 as of April 30, 2017:

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City of St. Louis, Missouri - Outstanding TIF and MODESA Debt

<u>TIF #</u>	<u>Description</u>	<u>Original Issue</u>	<u>Outstanding Balance as of April 30, 2017</u>
6	Chouteau-Compton	\$3,600,000	\$2,204,000
8	Edison Brothers	5,600,000	616,000
12	3800 Park	390,000	382,703
13	Gravois Plaza	4,049,000	2,523,000
14	Lafayette Square	3,350,000	---
17	4200 Laclede	925,400	704,400
18	MLK	2,680,000	1,085,000
19	Tech Electronics	900,000	900,000
20	1505 Missouri	659,540	654,540
21	Grand Center	27,132,940	21,950,940
22	Walter Knoll Florist	1,036,000	979,760
23	Louderman Building	2,444,400	1,899,103
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	3,133,200
27	1141-1151 S. 7th Street	1,131,600	556,600
28	Terra Cotta	3,520,000	3,505,000
29	1312 Washington	419,000	169,000
30	Southtown Centre	7,383,998	5,346,923
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	2,473,000
35	Fashion Square Lofts	4,105,000	2,715,000
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	230,000
41	Shenandoah Place	254,700	213,699
42	1133 Washington	1,133,500	813,000
43	Maryland Plaza South	4,133,176	3,648,176
44	410 N. Jefferson	1,735,000	1,664,000
45	Barton Street Lofts	390,500	93,000
46	Warehouse of Fixtures	6,348,500	5,728,000
47	Maryland Plaza North	1,061,418	288,242
48	Marquette Building	4,500,000	4,311,000
49	Gaslight Square East	1,770,000	1,055,000
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	710,000
57	Loughborough Commons	18,430,000	9,850,000
58	5700 Arsenal	1,370,000	318,000
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
	Moon Brothers Carriage		
65	Lofts	1,490,000	1,481,000
67	1635 Washington	2,361,500	1,780,000
68	3949 Lindell	3,027,500	2,478,000
69	Ely Walker Lofts	6,017,600	5,478,000
70	West Town Lofts	2,456,500	2,205,000
	Southside National Bank		
71	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	1,805,000
77	6175-81 Delmar	2,140,300	1,293,000
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	7,379,000
90	GEW Lofts	3,260,000	3,004,000
91	1818 Washington-Tudor	2,451,400	2,161,000
92	Ballpark Village	18,550,000	18,332,000
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	9,789,000
106	1910 Locust	1,430,000	1,319,000
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	348,000
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	3,629,000
124	Midtown Lofts	744,390	528,000
125	REO Lofts	642,890	554,000
128	1225 Washington	6,425,000	6,300,000
129	Laurel	19,875,000	18,744,000
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	3,072,000
142	1549-1601 S Jefferson RPA1	1,739,000	1,700,000
144	2727 Washington	489,500	459,500
145	Northeast Hampton/Berthold	2,903,000	2,566,000
147	100 Euclid (City Walk)	10,382,000	10,266,000
148	St. Louis Innovation RPA 1A	2,930,404	2,868,709
	St. Louis Innovation RPA		
149	1A(II)	22,000,000	21,973,912
150	St. Louis Innovation RPA 1B	12,705,722	12,705,722
153	Carrie Avenue	1,021,000	980,000
154	706 Market	7,126,000	7,014,600
156	St. Louis Innovation RPA 7	35,000,000	34,996,953
	TOTAL	<u>\$442,458,520</u>	<u>\$388,958,717</u>

Direct and Overlapping Debt

The direct and overlapping general obligation debt of the City as of April 30, 2017 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	\$ 37,345,000	100%	\$ 37,345,000
Transitional School District of the City of St. Louis	271,042,917	100	271,042,917
Total	<u>\$308,387,917</u>		<u>\$308,387,917</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, 2017 (these figures do not include lease agreements):

	Amount	Per Capita¹	Ratio to Assessed Value
Total Direct Debt	\$ 37,345,000	\$ 116.96	0.82%
Total Direct and Overlapping Debt	308,387,917	965.84	6.76

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, 2017:

	City Purposes Basic Limit	Streets and Sewers Additional Limit
Assessed Value for Calendar Year 2016	\$ 4,563,987,056	\$4,563,987,056
Authorized Debt Limit 10% of Assessed Value	\$ 456,398,706	\$ 456,398,706
Less General Obligation Bonds	37,345,000	-
Legal Debt Margin	\$ 419,053,706	\$ 456,398,706

Source: City Comptroller's Office.

EMPLOYEES AND EMPLOYEE RELATIONS

The City, as of July 1, 2016, employs approximately 5,000 persons who are paid from the City's General Revenue Fund.

The Missouri Supreme Court, in *Independence-Nat. Educ. Ass'n v. Independence Sch. Dist.*, 223 S.W.3d 131 (Mo. banc 2007), determined that public employees, which would include the City's civilian employees as well as commissioned officers in the Police Department, do have the right to bargain collectively. Civilian employees have "meet, confer and discuss" rights under state statute, which means the right to meet and confer with their employers to discuss salaries, benefits and other similar issues. In collective bargaining, proposals are made and either accepted or rejected, and the employer remains free to reject any proposal. Any collective bargaining agreement negotiated is subject to approval through a compensation ordinance. 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, 2016 financial statements and the October 1, 2016 actuarial valuation. First effective with the valuation as of October 1, 2013, the October 1, 2016 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" 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 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, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2016.

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a)-(b)
Balances at September 30, 2015	\$ 495,019	\$ 447,058	\$ 47,961
Changes for the year:			
Service cost	—	—	—
Interest	34,916	—	34,916
Differences between expected and actual experience	(6,984)	—	(6,984)
Contributions - employer	—	2,715	(2,715)
Benefit payments (including refunds of employee contributions)	(33,433)	(33,433)	—
Net investment income	—	38,228	(38,228)
Transfer (out)/in due to settlement	—	167	(167)
Administrative expenses	—	(1,095)	1,095
Net changes	(5,501)	6,582	(12,083)
Balances at September 30, 2016	\$ 489,518	\$ 453,640	\$ 35,878

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

Date of actuarial valuation	October 1, 2016
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	Various
Asset valuation method	3-year smoothed market value
Inflation	2.75%
Investment rate of return	7.3%, net of investment and administrative expenses
Projected salary increases	Benefits frozen as of February 1, 2013; therefore no salary increases have been assumed
Mortality	RP-2014 mortality table, sex distinct

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, the "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, 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 FDROP 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, contributes 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, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2016.

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a)-(b)
Balances at September 30, 2015	\$ 88,780	\$ 29,776	\$ 59,004
Changes for the year:			
Service cost	6,033	—	6,033
Interest	7,215	—	7,215
Benefit changes	—	—	—
Differences between expected and actual experience	337	—	337
Benefit payments	(381)	(381)	—
Assumption changes	—	—	—
Contributions – employer	—	9,148	(9,148)
Contributions – employee	—	2,918	(2,918)
Net investment income	—	2,892	(2,892)
Administrative expenses	—	(405)	405
Net changes	13,204	14,172	(968)
Balances at September 30, 2016	\$ 101,984	\$ 43,948	\$ 58,036

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

Date of actuarial valuation	October 1, 2016
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	5-year smoothed marked
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, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2016

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a)-(b)
Balances at September 30, 2015	\$ 944,138	\$ 684,895	\$ 259,243
Changes for the year:			
Service cost	12,618	—	12,618
Interest	67,036	—	67,036
Difference between expected and actual experience	(3,684)	—	(3,684)
Change in assumption	131,846	—	131,846
Benefit payments	(62,637)	(62,637)	—
Contributions – employer	—	30,779	(30,779)
Contributions – employee	—	4,377	(4,377)
Net investment income	—	52,927	(52,927)
Administrative expenses	—	(1,103)	1,103
Net changes	145,179	24,343	120,836
Balances at September 30, 2016	\$ 1,089,317	\$ 709,238	\$ 380,079

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

Date of actuarial valuation	October 1, 2016
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	7.5%, net of 0.15% administrative expenses
Projected salary increases	3.0% – 6.5%, varying by age
Mortality (Ordinary)	RP-2014 Blue Collar projected generally with MP-2015 with 1.15 adjustment
Mortality (Accidental)	0.03% per year for all ages in addition to ordinary Mortality
Mortality (Disabled)	RP-2014 Disabled Retiree projected generally with MP-2015 with 0.9 adjustment male and no adjustment female

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 12.51% effective July 1, 2016, and 13.93% of active member payroll effective July 1, 2015.

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 \$174,115 for its proportionate share of the net pension liability as of September 30, 2016. The net pension liability for ERS was measured as of September 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2016. 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, 2016, the City's collective proportion was 83.21%, which was a decrease of 0.31 from its proportion measured as of September 30, 2015.

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

Date of actuarial valuation	October 1, 2016
Actuarial cost method	Entry age normal
Amortization method	Layered 20-year amortization of unfunded liability
Asset valuation method	5-year smoothed
Inflation	2.5%
Discount rate	7.5%
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

In 2014, a lawsuit styled *George Allen and Lonzetta Taylor v. St. Louis Board of Police Commissioners, et al.* was filed in the United States District Court for the Eastern District of Missouri. Plaintiff Allen, who was alleged to be mentally incompetent, was freed from prison in 2012 after his 1983 conviction for first degree murder was set aside; Plaintiff Taylor is Plaintiff Allen's mother. The suit essentially alleges that plaintiff Allen was wrongfully convicted and incarcerated for almost thirty (30) years as a result of police misconduct or incompetence. Since the filing of the suit, George Allen has died. Although in some circumstances a suit survives the death of the claimant, the absence of the person who sustained damages frequently depreciates the value of the suit. Valuation of this lawsuit, in light of Allen's death, has estimated that a verdict against the police defendants could amount to \$3 - 5 million. However, because many of the allegations at issue in this suit occurred at a time when the Police Department was a state agency, there is a dispute as to the respective responsibilities of the State and City to pay any judgment or settlement arising out of this lawsuit. There is already collateral litigation between the State and City to clarify the responsibilities of the State and City on certain lawsuits where the allegations involve actions of police officers taken at a time when the Police Department was still a State agency. In all likelihood, in the event of a judgment or settlement of a suit of this nature, the State and City each may have to pay some portion thereof.

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, defendants in the case, were awarded judgment in the trial court. The judgment has been appealed and is currently pending in the Missouri Court of Appeals, Eastern District.

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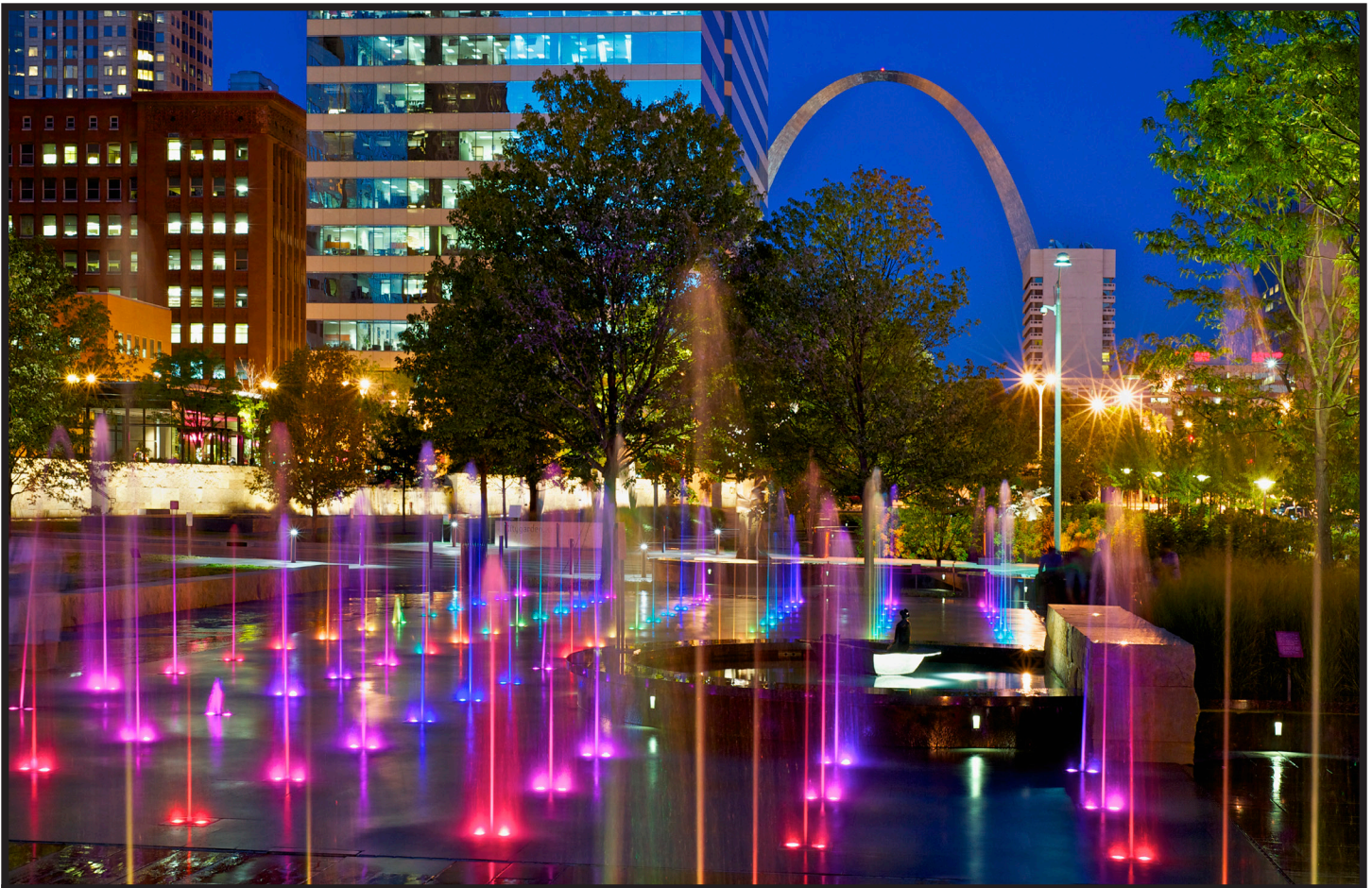
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APPENDIX B

INDEPENDENT AUDITOR'S REPORT AND BASIC FINANCIAL STATEMENTS OF THE CITY OF ST. LOUIS, MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2016

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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2016
Comprehensive
Annual Financial Report
City of St. Louis, Missouri



Fiscal Year Ended June 30

CITY OF ST. LOUIS, MISSOURI
COMPTROLLER



COMPLIMENTS OF THE COMPTROLLER
DARLENE GREEN

The City of Saint Louis, Missouri



Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2016

Prepared by
Office of the Comptroller

Darlene Green
Comptroller

CITY OF ST. LOUIS, MISSOURI
Comprehensive Annual Financial Report
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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

212 City Hall
(314) 622-4389
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January 20, 2017

The Honorable Francis G. Slay, Mayor
The Honorable Members of the Board of Aldermen
and the Citizens of the City of St. Louis, Missouri:

The Comprehensive Annual Financial Report of the City of St. Louis, Missouri (City) for the fiscal year ended June 30, 2016 is hereby submitted.

This report has been prepared pursuant to, and to demonstrate compliance with, Article VIII, Section 10, of the City Charter. The Comprehensive Annual Financial Report (CAFR) is in conformance with the standards for financial reporting of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association of the United States and Canada (GFOA).

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operation. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's basic financial statements have been audited by KPMG LLP, an independent certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City for the fiscal year ended June 30, 2016, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's basic financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD & A). This letter of transmittal is designed to complement MD & A and should be read in conjunction with it. The City's MD & A can be found immediately following the report of the independent auditors.



ACCOUNTING SYSTEM, INTERNAL CONTROLS, AND BUDGETARY CONTROL

The City utilizes a fully computerized Accounting Information Management System (AIMS). This system is based on a single input of information. The AIMS system provides: 1) integrated, general and subsidiary accounting of all funds; 2) appropriation/encumbrances accounting and control; and 3) the ability to generate cost/expenditure data in a multitude of formats 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 accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

- The safeguarding of assets against loss from unauthorized use or disposition, and
- The reliability of financial records for preparing financial statements and maintaining accountability for assets.
- The concept of reasonable assurance recognizes that:
 - The cost of a control should not exceed the benefits likely to be derived, and
 - The evaluation of assets and benefits requires estimates and judgements by management.

All internal control evaluations occur within this framework. Therefore, the Comptroller's Office believes that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Through annual appropriations, the City maintains budgetary control at the fund level. Cost classifications are categorized in the following groups: personnel services, materials and supplies, rental and non-capital leases, non-capital equipment, capital assets, contractual and other services, and debt service and special extraordinary items.

Encumbrances are recorded by the Control Section (or in some cases by the requesting department) through an on-line budgetary control module before requisitions are sent to the Purchasing Division. If sufficient appropriations are not available to cover a purchase, the requisition is returned to the originating department for transfer of appropriations between departments with prior approval of the Board of Estimate and Apportionment (E&A). A formal monthly expense monitoring procedure has been established to help eliminate rejected requisitions and related cancellations, and to minimize line item transfers. Encumbrances are detailed for current year budgetary presentations. While appropriation balances lapse at the end of the fiscal year, appropriation balances for encumbrances remain.

Within the Strategic Financial Plan for the City, major controls that help guide City officers in their deliberation over the financial wisdom of potential actions. One of those controls recommends the City to informally reserve a minimum of 5% of the next year's general fund expenditures for appropriation only under severe circumstances. The reserve effectively reduces the funds available for appropriation.

BUDGET PROCESS

The City's fiscal year is July 1 through June 30. The budget process begins in the preceding December with a revenue forecast for the upcoming fiscal year. By February, department budget requests are submitted to the Budget Division, and the review process begins immediately.

The Budget Division works closely with E&A in developing, within forecasted revenue constraints, the proposed budget. By law, E&A must recommend a balanced budget to the Board of Aldermen (the Board), the City's legislative body, sixty days prior to the start of a new fiscal year. The Board may decrease but not increase any recommended appropriation amount. The Board, however, may recommend changes in the proposed budget. Any changes must be mutually agreed upon between the Board and E&A. If a budget cannot be agreed upon prior to July 1, the final budget presented by E&A becomes the official budget.

As part of the long-term financial planning, the Budget Division prepares a 5-year projection of revenues and expenditures. The projection is based on known challenges facing the city as well as straight-line growth based on recent history. No formal action is taken on the projections.

ECONOMIC OUTLOOK

The 61.4 – square mile City is the center of the St. Louis Consolidated Standard Metropolitan Statistical Area. The Metropolitan area is the 19th largest metropolitan area in the United States in terms of population. The city represents 7.9% of Missouri's job base. Job growth in the City has been concentrated in the bio-science, healthcare and service sectors and the City anticipates strong, long-term employment growth in the areas of medical, business and recreational services, as well as in education, and the tourism and convention business.

MAJOR INITIATIVES

On April 5, 2016, City voters approved the issuance of up to \$25 million in General Obligation Bonds for capital improvements as a no tax increase proposal. The measure passed with 82.9% of voter approval. The City issued the \$25 million General Obligation Bonds in November 2016 for the purpose of purchasing, replacing, repairing, and improving and maintaining the buildings, bridges, and equipment of the City.

On April 5, 2016, voters also chose to retain its one percent earnings tax on people who work or live in the City by 72.3%. City voters currently have to vote every five years to retain the tax.

Along with over \$700 million in development completed in the last six years, St. Louis looks forward to continued development. Amongst the projects is the National Geospatial-Intelligence Agency's decision to build its next western headquarters just north of downtown opening up the opportunity of further development around the project.

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.

LONG TERM FINANCIAL PLANNING

Building on a longstanding commitment to fiscal discipline and sustainability, a recommended Long Range Financial Plan was prepared. It is a plan to better position St. Louis both to weather any future economic downturns and to benefit from future years of growth. As a beginning step to the plan, a revenue enhancement committee was formed made up of key members in the Department of Finance to look to enhance its revenue sources and identify new sources.

INTERNAL AUDIT

It is the special responsibility of the Comptroller, as set out in the Charter, to provide City officials and taxpayers with reasonable assurance that public funds and property are adequately safeguarded and that financial transactions are authorized and properly recorded.

The Comptroller's internal audit staff audits various departments within the City testing for the methods employed by the department to safeguard the assets, ensuring the reliability of the accounting data, promoting efficient operations and ensuring compliance with established ordinances and the City Charter. Audits may also be performed on various corporations and not-for-profit organizations to ensure compliance with the various contractual agreements with the City. In addition to audits, the internal audit staff reviews the revenue collection procedures established by those departments and employees who receive or collect City revenue. As a result of these audits and reviews, the internal auditors develop recommendations of procedures that should be implemented to improve internal controls. These audits and reviews are performed on a continual basis.

CERTIFICATE OF ACHIEVEMENT

The City's CAFR for the fiscal year ended June 30, 2015 was awarded the Certificate of Achievement for Excellence in Financial Reporting from the GFOA. This is the twenty-ninth year the City has received this prestigious award.

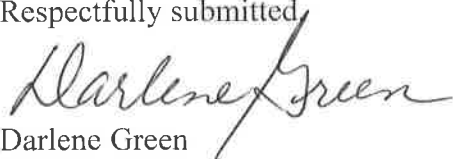
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. The report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We believe that our current CAFR will continue to meet the Certificate of Achievement Program requirements and we will be submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENT

I would like to express my appreciation to the staff members of the Comptroller's Office for their many hours in the preparation of this report. I also extend my appreciation to the independent accounting firm of KPMG LLP for their professional service. Contributions to the completion and publication of this financial history were made by staff of other departments to whom I also express my appreciation.

Respectfully submitted,

A handwritten signature in cursive script that reads "Darlene Green". The signature is written in dark ink and is positioned above the printed name and title.

Darlene Green
Comptroller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of St. Louis
Missouri**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015



Executive Director/CEO

The City of St. Louis, Missouri

Elected Officials

June 30, 2016

Board of Aldermen

(Aldermen listed to numerical order by ward)

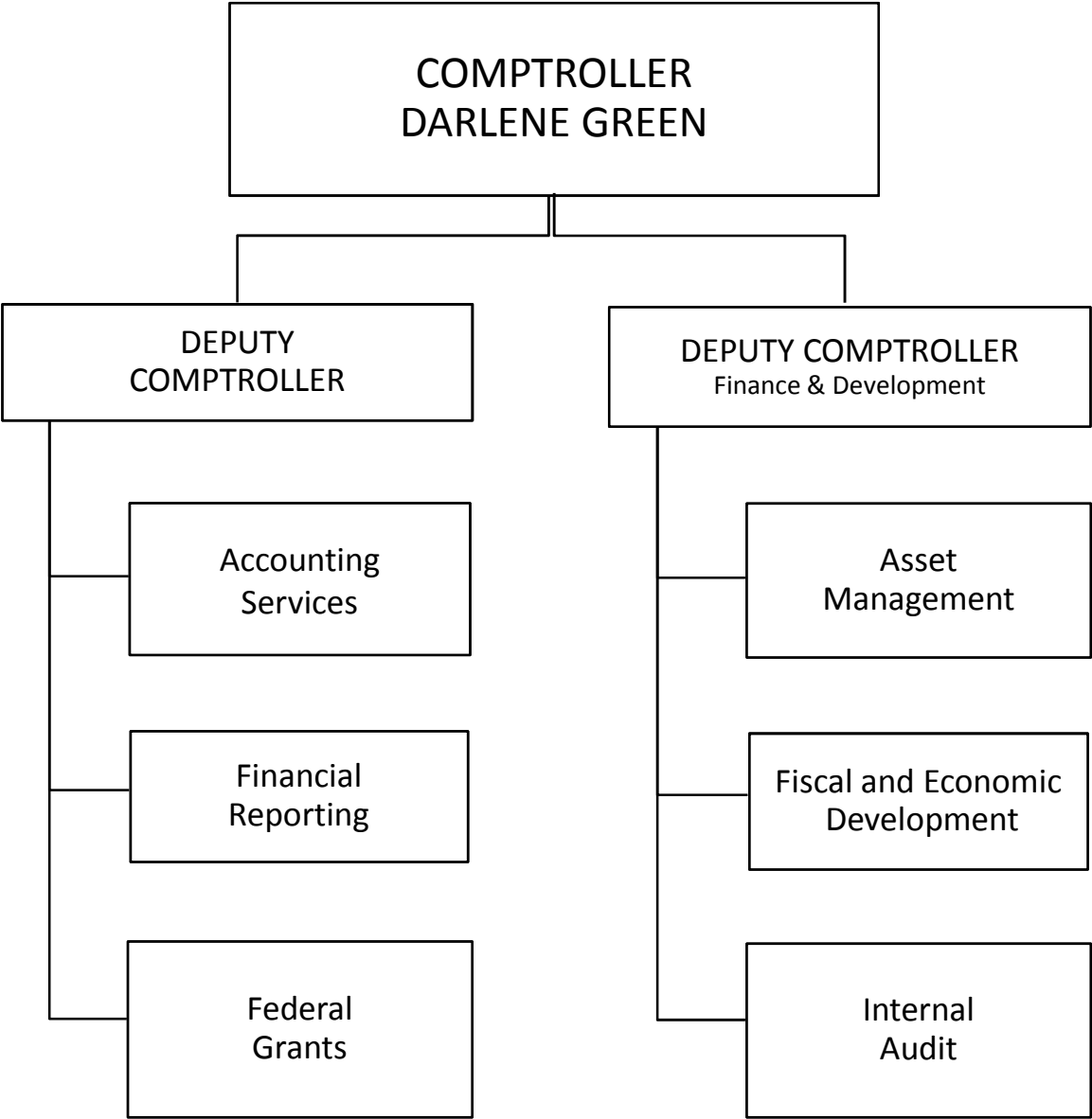
FRANCIS G. SLAY
Mayor

DARLENE GREEN
Comptroller

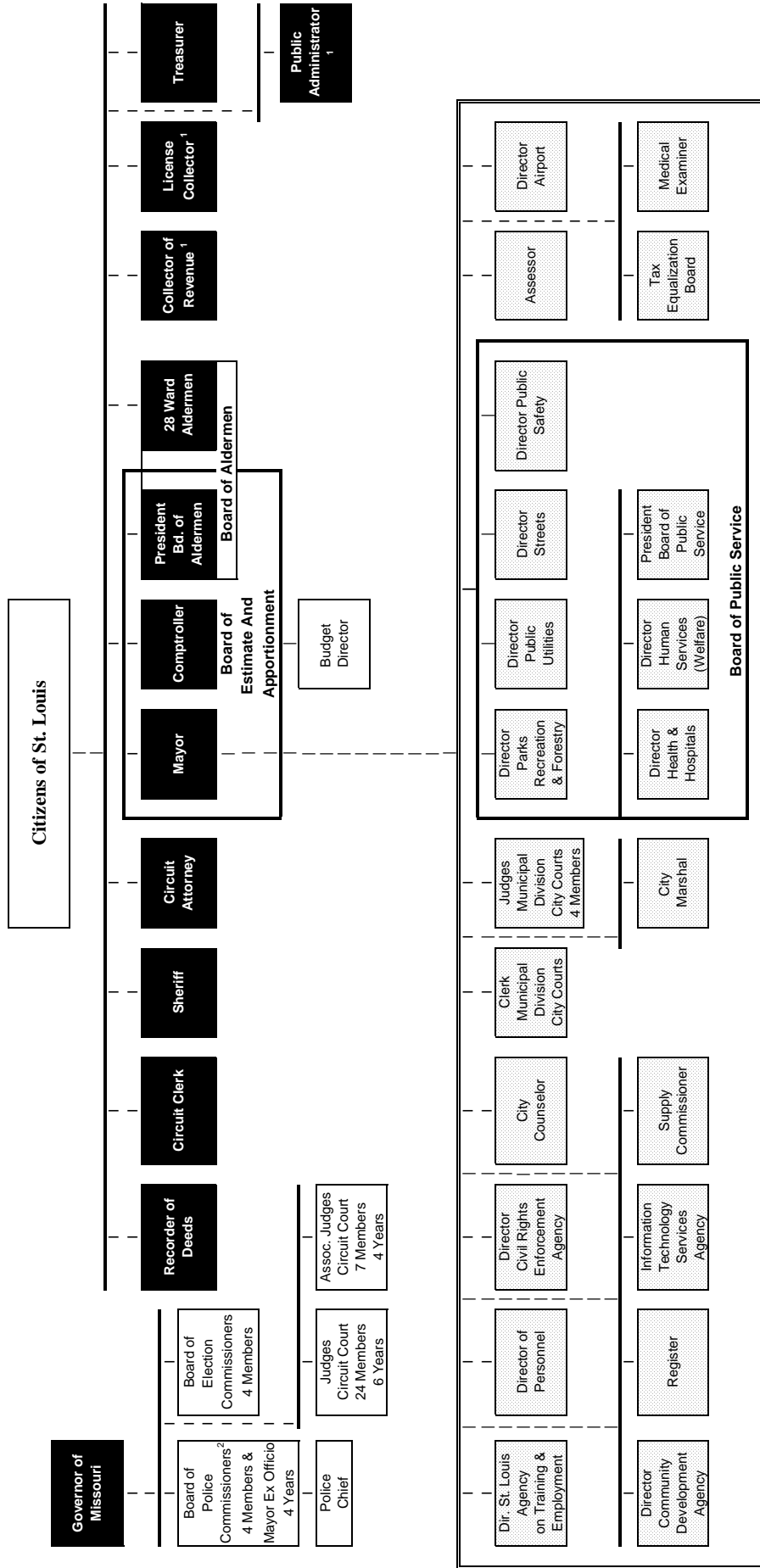
LEWIS REED
President,
Board of Aldermen

Sharon Tyus
Dionne Flowers
Freeman Bosley, Sr.
Samuel L. Moore
Tammika Hubbard
Christine Ingrassia
Jack Coatar
Stephen Conway
Kenneth Ortmann
Joseph Vollmer
Thoma Albert Villa
Larry Arnowitz
Beth Murphy
Carol Howard
Megan E. Green
Donna Baringer
Joseph D. Roddy
Terry Kennedy
Marlene E. Davis
Cara Spencer
Antonio D. French
Jeffrey L. Boyd
Joseph Vaccaro
Scott Ogilvie
Shane Cohn
Frank Williamson
Chris Carter
Lyda Krewson

City of St. Louis, Missouri
Office of the Comptroller



Government of the City of St. Louis, Missouri



■ Elective Offices - 4 Years

□ Offices appointed by Mayor

¹ Indicates a fee office (not included in general appropriation)

² As of June 30, 2013, following a voter referendum in 2012 and adoption of Ordinance No. 69489, the City was authorized to assume local control of the Police Dept. as a division under the Dept. of Public Safety.





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

Independent Auditors' Report

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

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 unit, each major fund, and the aggregate remaining fund information of the City of St. Louis, Missouri (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City'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 92% and 13% of the assets and revenues (additions), respectively, of the aggregate remaining fund information. The assets and revenues of the St. Louis Development Corporation represent 100% of the assets and revenues of the aggregate discretely presented component unit. The financial statements of the pension trust funds and the St. Louis Development Corporation were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included 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 unit, each major fund, and the aggregate remaining fund information of the City of St. Louis, Missouri, as of June 30, 2016, 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, 2015, the City of St. Louis, Missouri implemented Governmental Accounting Standards Board (GASB) No. 72, *Fair Value Measurement and Application*. Our opinions are not modified with respect to this matter.

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 141 through 147, and the Retirement Systems and Other Postemployment Benefit Plan Information on pages 148 through 156 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 relates 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, 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 20, 2017 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 City of St. Louis, Missouri's internal control over financial reporting and compliance.

KPMG LLP

St. Louis, Missouri
January 20, 2017

<p style="text-align: center;">CITY OF ST. LOUIS, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED JUNE 30, 2016</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, 2016. 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 unit)

- On a government-wide basis, the City's total assets and deferred outflow of resources exceeded its liabilities for the current fiscal year by \$744.7 million.
- Governmental activities and business-type activities had a net position of (\$569.3) million and \$1,314.0 billion, respectively.
- The cost of services for the City's governmental activities was \$824.6 million in fiscal year 2016 (excluding interest and fiscal charges).
- As of June 30, 2016, the City's governmental funds reported combined ending fund balances of \$172.6 million. Of this amount, (\$23.2) million is unassigned fund balance.
- In fiscal year 2016, the City issued \$121.0 million in long-term debt to finance projects and refund debt in governmental activities and \$39.6 million in long-term debt for business-type activities.
- Development and tax increment financing (TIF) debt increased liabilities in the amount of \$40.9 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, 2016</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, deferred inflows of resources, 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. Financial information for this component unit 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.

<p style="text-align: center;">CITY OF ST. LOUIS, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED JUNE 30, 2016</p>
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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, redevelopment projects 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, 2016</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 redevelopment projects 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 style="text-align: center;">CITY OF ST. LOUIS, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED JUNE 30, 2016</p>
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FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position: The City's combined net position for fiscal year 2016 was \$744.7 million, down from \$829.1 million from fiscal year 2015. Looking at the net position of governmental and business-type activities separately provides additional information.

City of St. Louis, Missouri
Schedule of Net Position Summary
June 30, 2016 and 2015
(dollars in millions)

	Governmental Activities		Business-type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Assets						
Current and other assets \$	374.8	398.4	364.5	382.6	739.3	781.0
Capital assets	821.2	839.4	1,817.6	1,841.2	2,638.8	2,680.6
Deferred outflow of resources	<u>213.6</u>	<u>33.5</u>	<u>43.1</u>	<u>24.6</u>	<u>256.7</u>	<u>58.1</u>
Total assets and deferred outflow of resources	<u>1,409.6</u>	<u>1,271.3</u>	<u>2,225.2</u>	<u>2,248.4</u>	<u>3,634.8</u>	<u>3,519.7</u>
Liabilities						
Long-term liabilities	1,791.9	1,556.2	856.5	882.6	2,648.4	2,438.8
Other liabilities	176.2	167.9	52.8	59.2	229.0	227.1
Deferred inflow of resources	<u>10.8</u>	<u>21.1</u>	<u>1.9</u>	<u>3.7</u>	<u>12.7</u>	<u>24.8</u>
Total liabilities	<u>1,978.9</u>	<u>1,745.2</u>	<u>911.2</u>	<u>945.5</u>	<u>2,890.1</u>	<u>2,690.7</u>
Net position						
Net investment in capital assets	522.7	544.3	918.6	1,055.4	1,441.3	1,599.7
Restricted	27.3	22.3	277.2	138.6	304.5	160.9
Unrestricted (deficit)	<u>(1,119.3)</u>	<u>(1,040.4)</u>	<u>118.2</u>	<u>108.8</u>	<u>(1,001.1)</u>	<u>(931.6)</u>
Total net position	<u><u>\$ (569.3)</u></u>	<u><u>(473.8)</u></u>	<u><u>1,314.0</u></u>	<u><u>1,302.8</u></u>	<u><u>744.7</u></u>	<u><u>829.0</u></u>

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 \$744.7 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

<p style="text-align: center;">CITY OF ST. LOUIS, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED JUNE 30, 2016</p>
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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 2016 and fiscal 2015, respectively, is \$304.5 million and \$160.9 million, which represent resources that are subject to external restrictions on how they may be used.

Total unrestricted net position decreased by \$69.5 million for the year ended June 30, 2016. Unrestricted governmental activities net position showed a \$1,119.3 million deficit at the end of 2016 as compared with a \$1,040.4 million deficit in 2015. 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, \$26.9 million
- Joint venture financing agreement for the expansion of the convention center, \$28.8 million
- Obligations with component unit for the convention center hotel, \$28.4 million
- Obligations with component units for downtown development, \$15.8 million
- Redevelopment and Tax increment financing debt for economic development projects in the amount of \$381.2 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, 2016</p>

City of St. Louis, Missouri
Schedule of Changes in Net Position
For the Fiscal Years ended June 30, 2016 and 2015
(dollars in millions)

	Governmental Activities		Business-type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues:						
Program revenues:						
Charges for services	\$ 136.5	129.9	237.4	235.3	373.9	365.2
Operating grants and contributions	67.1	60.8	0.7	1.3	67.8	62.1
Capital grants and contributions	6.5	8.0	9.4	23.6	15.9	31.6
General revenues:						
Taxes	568.6	559.2	—	—	568.6	559.2
Investment income	0.6	0.4	3.5	3.0	4.1	3.4
Total revenues	<u>779.3</u>	<u>758.3</u>	<u>251.0</u>	<u>263.2</u>	<u>1,030.3</u>	<u>1,021.5</u>
Expenses:						
General government	66.4	58.7	—	—	66.4	58.7
Convention and tourism	5.8	5.8	—	—	5.8	5.8
Parks and recreation	31.4	30.1	—	—	31.4	30.1
Judicial	51.1	50.7	—	—	51.1	50.7
Streets	75.7	73.4	—	—	75.7	73.4
Public safety:						
Fire	88.0	64.7	—	—	88.0	64.7
Police	226.5	202.1	—	—	226.5	202.1
Other	60.6	58.7	—	—	60.6	58.7
Health and welfare	57.1	54.1	—	—	57.1	54.1
Public service	79.5	78.0	—	—	79.5	78.0
Community development	82.5	65.5	—	—	82.5	65.5
Interest and fiscal charges	60.0	60.6	—	—	60.0	60.6
Airport	—	—	165.7	160.2	165.7	160.2
Water Division	—	—	49.7	46.8	49.7	46.8
Parking Division	—	—	15.3	13.9	15.3	13.9
Total expenses	<u>884.6</u>	<u>802.4</u>	<u>230.7</u>	<u>220.9</u>	<u>1,115.3</u>	<u>1,023.3</u>
Excess (deficiency) before extraordinary items and transfers	<u>(105.3)</u>	<u>(44.1)</u>	<u>20.3</u>	<u>42.3</u>	<u>(85.0)</u>	<u>(1.8)</u>
Extraordinary items	—	—	0.7	1.7	0.7	1.7
Transfers	9.9	9.6	(9.9)	(9.6)	—	—
Change in net position	<u>(95.4)</u>	<u>(34.5)</u>	<u>11.1</u>	<u>34.4</u>	<u>(84.3)</u>	<u>(0.1)</u>
Net position-beginning of year	<u>(473.9)</u>	<u>(149.9)</u>	<u>1,302.9</u>	<u>1,290.8</u>	<u>(149.9)</u>	<u>1,140.9</u>
Cumulative effect of change in accounting principles	<u>0.0</u>	<u>(289.5)</u>	<u>0.0</u>	<u>(22.3)</u>	<u>(289.5)</u>	<u>(311.8)</u>
Net position-beginning of year, adjusted	<u>(473.9)</u>	<u>(439.4)</u>	<u>1,302.9</u>	<u>1,268.5</u>	<u>829.0</u>	<u>829.1</u>
Net position-end of year	<u>\$ (569.3)</u>	<u>(473.9)</u>	<u>1,314.0</u>	<u>1,302.9</u>	<u>744.7</u>	<u>829.0</u>

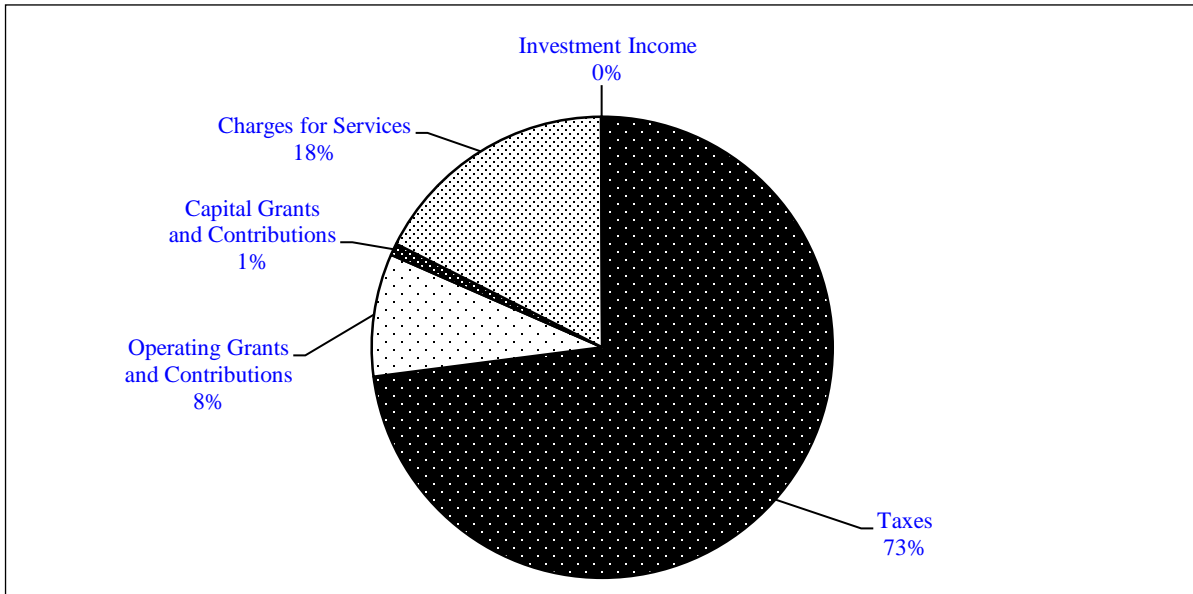
CITY OF ST. LOUIS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2016

Changes in net position. The City's total revenue on a government-wide basis was \$1,030.3 million, an increase of \$8.8 million over the previous year. Taxes represent 55.2% of the City's revenue as compared with 54.7% last year. Additionally, 36.3% comes from fees charged for services, as compared to 35.8% 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 \$1,115.3 million, an increase from \$1,023.3 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.

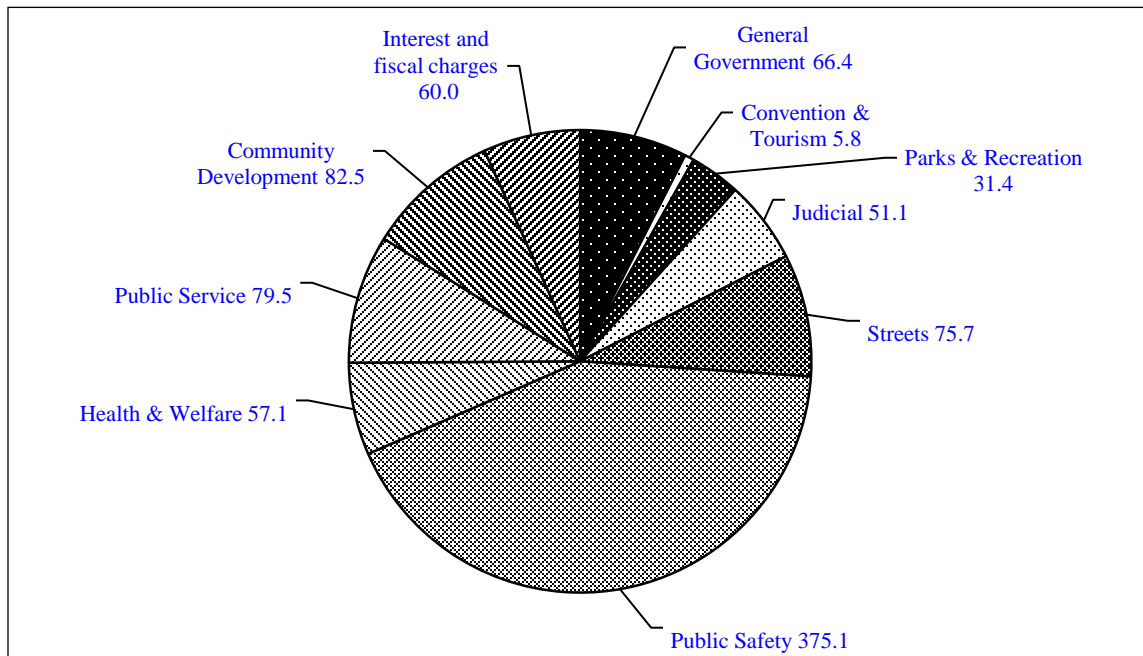
Governmental activities. As a result of this year's operations, the net position of governmental activities decreased by \$95.4 million or 20.1%. The net position decrease is primarily related to anticipated level of spending over the expected growth in revenues. Revenues increased by \$21.0 million or 2.8%. Total expenses increased by \$82.2 million or 10.2%. General government expenditures increased by \$7.7 million or 13.1%. Community development expenses increased due to an increase in debt issuances in fiscal year 2016.

The following chart reflects the revenues by type as a percentage of total revenues for governmental activities for fiscal year 2016.



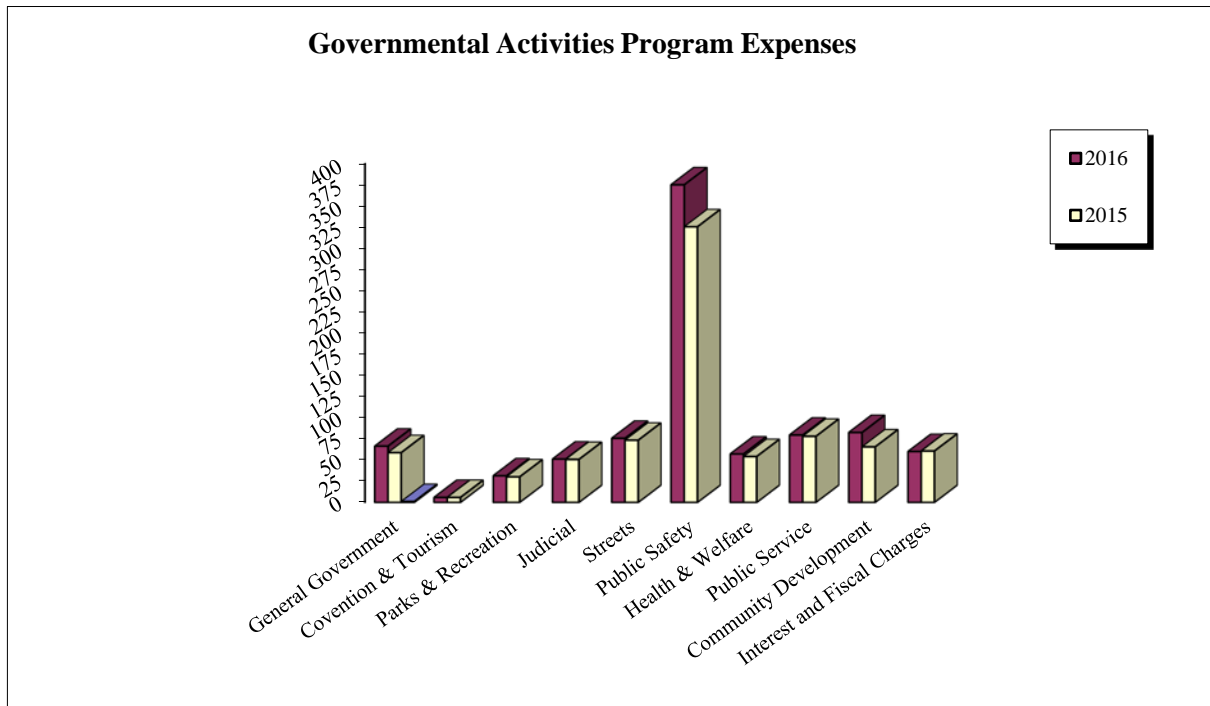
CITY OF ST. LOUIS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2016

The following chart illustrates the City's governmental activities expenses by program. Total cost of governmental activities was \$884.6 million, an increase of \$82.2 million or 10.2% over the prior year. As shown, public safety is the largest function in expense (42.4%). The majority of the spending was the result of funding Police of \$226.5 million and Fire of \$88.0 million.



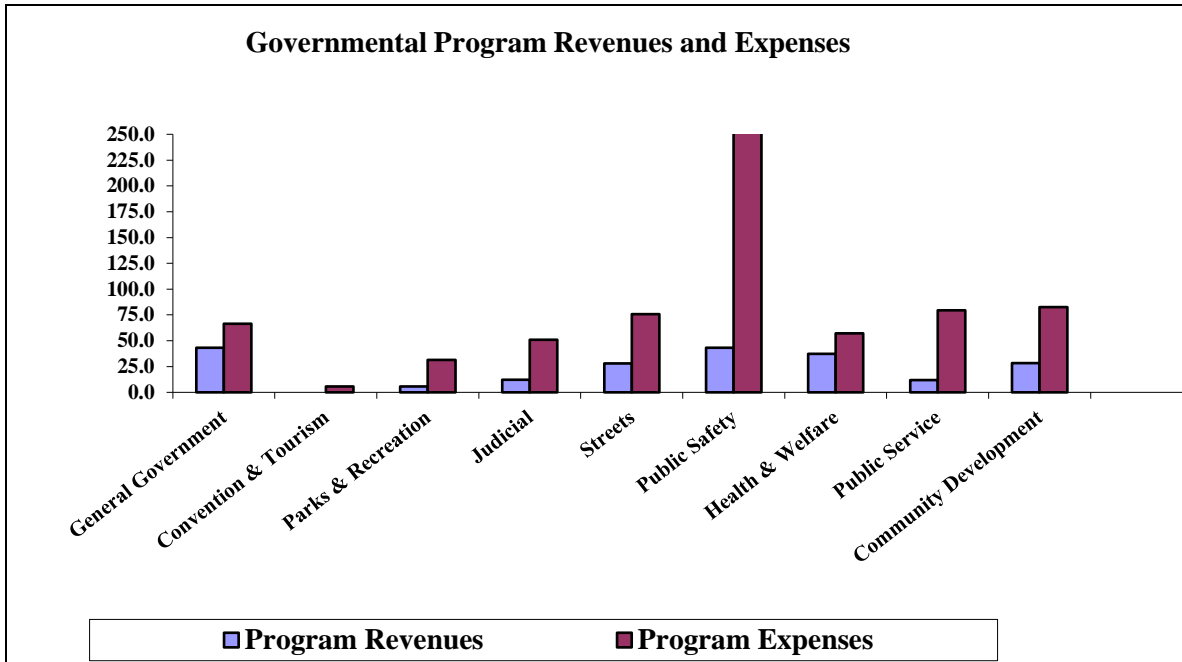
CITY OF ST. LOUIS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2016

The following chart is a comparison of expense of governmental activities for fiscal years ended 2016 and 2015.



CITY OF ST. LOUIS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2016

The following chart depicts the total expenses and total program revenues of the City's governmental functions for the year ended June 30, 2016.



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

	Total Cost of Services		Net Costs of Services	
	2016	2015	2016	2015
General government	\$ 66.4	58.7	23.1	26.1
Convention and tourism	5.8	5.8	5.8	5.8
Parks and recreation	31.4	30.1	25.5	24.8
Judicial	51.1	50.7	38.9	36.6
Streets	75.7	73.4	47.7	45.9
Public Safety:				
Fire	88.0	64.7	77.1	51.4
Police	226.5	202.1	219.8	193.0
Other	60.1	58.7	35.0	37.0
Health and welfare	57.1	54.1	19.9	18.9
Public service	79.5	78.0	67.6	62.4
Community development	82.5	65.5	54.2	41.1
Totals	\$ 824.1	741.8	614.6	543.0

<p style="text-align: center;">CITY OF ST. LOUIS, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED JUNE 30, 2016</p>
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The preceding charts represent the cost of governmental activities this year excluding interest and fiscal charges. The cost this year was \$824.1 million compared with \$741.8 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 \$568.6 million. The primary difference of \$255.5 million comprises charges for services (\$136.5 million), operating grants and contributions (\$67.1 million), and capital grants and contributions (\$6.5 million).

Business-Type activities. Business-type activities reflect an increase in net position of \$11.1 million or 0.9%.

Lambert – St. Louis International Airport. The net position of the Airport increased by \$4.3 million or 0.4%. The operating income was \$5.5 million this year versus operating income of \$16.0 million in 2015. Total operating revenues for 2016 was \$136.7 million. Of this amount, major sources of operating revenue included aviation revenues (61.9%), concessions (18.4%), parking, net (16.1%), and lease revenue (3.6%). A significant non-operating revenue is passenger facility charges which accounts for \$25.8 million.

At June 30, 2016, the capital assets balance was \$1,585.7 million. This amount includes buildings and structures of \$261.2 million, pavings with \$529.1 million, and equipment with \$24.3 million, all net of accumulated depreciation. Land is \$751.1 million, construction in progress is \$16.5 million, and easements is \$3.5 million.

At June 30, 2016, the Airport had bonded debt of \$686.2 million.

Water Division

Operating income was \$7.0 million this year versus an operating income of \$7.4 million in 2015. Total operating revenues for 2016 was \$56.5 million. Of this amount, major sources of operating revenue included metered revenue (40.1%) and flat rate revenue (44.2%).

At June 30, 2016, the capital assets balance was \$155.5 million. This amount includes buildings and structures (net of accumulated depreciation) with \$14.5 million, reservoirs and water mains, lines and accessories with \$98.5 million, equipment with \$33.3 million, land with \$1.2 million, and construction-in-progress with \$8.0 million.

At June 30, 2016, the Water Division had bonded debt of \$5.1 million.

Parking Division. The net position of the Parking Division decreased by \$2.1 million or 6.3%. Operating income was \$6.1 million in fiscal year 2016 and \$6.1 million in fiscal year 2015. Total operating revenues for 2016 was \$17.1 million. Of this amount, major sources of operating revenue included parking meter revenue (16.7%), parking violations notices revenue (25.6%), and parking facilities revenue (53.9%).

At June 30, 2016, the capital assets balance was \$76.3 million. This amount includes buildings and parking garages (net of accumulated depreciation) with \$47.4 million, parking meters and lot equipment with \$5.1 million, equipment with \$0.9 million, and land with \$22.9 million.

<p align="center">CITY OF ST. LOUIS, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED JUNE 30, 2016</p>

At June 30, 2016, the Parking Division had bonded debt of \$67.1 million.

City of St. Louis, Missouri
Balance Sheet
Governmental Funds
June 30, 2016
(dollars in millions)

	2016	2015	2016 vs. 2015 \$ Change	2016 vs. 2015 % Change
Total assets	\$ 366.5	357.2	9.3	2.6%
Total liabilities	96.2	97.4	(1.2)	-1.2%
Deferred inflow of resources	97.7	94.4	3.3	—%
Fund balance:				
Restricted and Nonspendable	110.5	101.8	8.7	8.5%
Committed	80.5	73.2	7.3	10.0%
Assigned	4.8	10.3	(5.5)	-53.4%
Unassigned	(23.2)	(19.9)	(3.3)	-16.6%
Total fund balance	172.6	165.4	7.2	4.4%
Total liabilities, deferred inflow of resources, and fund balance	\$ 366.5	357.2	9.3	2.6%

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 (\$5.2) million.

The total fund balance in the City's general fund decreased by \$6.4 million or 22.2% in the current fiscal year. The City's general fund decreased by \$7.1 million or 19.8% in the prior fiscal year.

The total fund balance in the redevelopment projects fund increased by \$5.3 million or 18% in the current fiscal year. Fiscal year 2016 is the first year the redevelopment project fund qualified to be a major fund so the comparison is based on detail within the nonmajor other governmental fund for fiscal year 2015.

The total fund balance in the City's capital projects fund increased by \$9.7 million or 18.0% in the current fiscal year. The City's capital projects fund decreased by \$3.9 million or 6.8% in the prior fiscal year.

The grants fund received \$67.1 million in intergovernmental revenues that funded community development in the amount of \$20.5 million, or 30.6%, and health and welfare in the amount of \$35.6 million, or 53.1% in the current 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 prior fiscal year.

The total fund balance in the City's other governmental funds decreased by \$1.4 million or 2.7 % in the current fiscal year. The comparison is takes into account the redevelopment project fund

<p style="text-align: center;">CITY OF ST. LOUIS, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED JUNE 30, 2016</p>
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becoming a major fund. The City's other governmental funds decreased by \$355 thousand or 0.4 % in the prior fiscal year.

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 \$71.1 million, the Water Division was \$26.7 million, and the Parking Division was \$20.4 million, as compared with \$68.9 million, \$24.7 million, and \$15.3 million, respectively in 2015. The total increase in net position for the enterprise funds was \$11.1 million in the current 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 funds' fiscal year ended September 30, 2015, the net position of the pension funds totaled \$1.9 billion, a decrease of \$0.1 billion 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 \$49.1 million. 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 \$492.6 million. Actual results for the fiscal year's revenues and transfers in were \$491.3 million, which was below the original estimates by \$1.3 million or 0.3% of the estimate.

The original general fund expense budget was \$496.6 million including transfers out. This also includes prior year encumbrances and commitments of \$3.9 million set aside and re-appropriated. Actual expenditures and transfers out totaled \$489.5 million. This includes expenditures of \$1.4 million from prior year encumbrances and commitments. The encumbrances and commitments carried over into the next fiscal year in regard to the fiscal year 2016 budget total \$3.7 million. The general fund ended the fiscal year with a budget-basis-operating surplus of \$1.8 million. In addition, a transfer out of \$1.0 million was made to a 27th Pay Reserve. As of June 30, 2016, 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, 2016

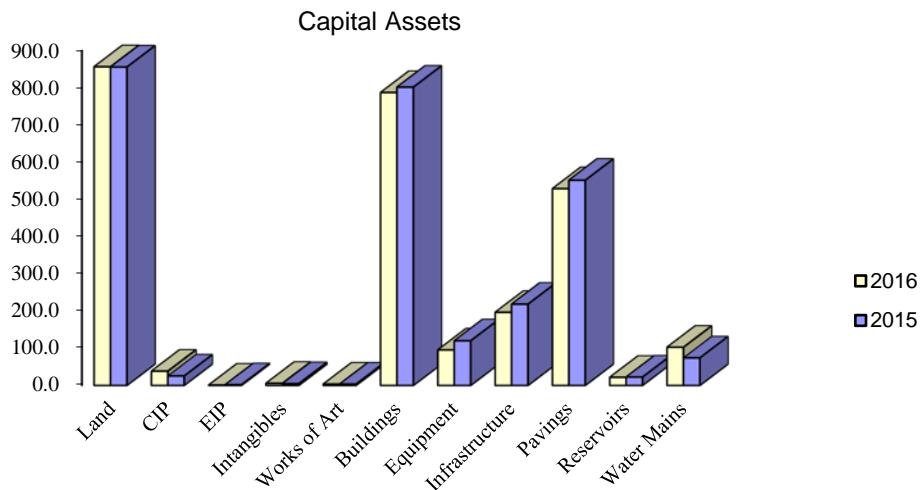
CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City had invested \$2.6 billion in a broad range of capital assets, including fire equipment, park facilities, roads, bridges, runways and water systems.

City of St. Louis, Missouri
Schedule of Changes in Capital Assets
Net of Accumulated Depreciation
(dollars in millions)

		Governmental Activities		Business-type Activities		Total	
		2016	2015	2016	2015	2016	2015
Land	\$	81.7	80.4	775.2	775.7	856.9	856.1
Construction in progress		13.9	9.6	24.5	15.8	38.4	25.4
Equipment in progress		0.0	0.8	—	—	0.0	0.8
Intangibles		2.2	1.2	3.5	3.5	5.7	4.7
Works of art		3.6	3.6	—	—	3.6	3.6
Buildings and improvements		464.5	463.8	323.1	338.3	787.6	802.1
Equipment		57.8	60.5	37.7	59.5	95.5	120.0
Infrastructure		196.6	218.5	—	—	196.6	218.5
Intangibles		0.9	1.0	—	—	0.9	1.0
Pavings		—	—	529.1	551.8	529.1	551.8
Reservoirs		—	—	21.8	22.5	21.8	22.5
Water mains, lines, accessories		—	—	102.7	74.1	102.7	74.1
Total	\$	821.2	839.4	1,817.6	1,841.2	2,638.8	2,680.6



<p style="text-align: center;">CITY OF ST. LOUIS, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED JUNE 30, 2016</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 2016, the City had outstanding long-term debt obligations for governmental activities in the amount of \$976.5 million compared with \$953.2 million in fiscal year 2015. Of this amount, \$16.8 million are general obligation bonds and \$381.2 million are development and tax increment financing bonds and notes payable. Leasehold revenue obligations outstanding totaled \$438.9 million.

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

	<u>Fiscal Year</u> <u>2016</u>	<u>Fiscal Year</u> <u>2015</u>	<u>\$ Change</u>	<u>% Change</u>
General obligation bonds payable	\$ 16.8	23.0	(6.2)	-27.0%
Section 108 Loan Guarantee				
Assistance Programs	26.9	31.4	(4.5)	-14.3%
Loan agreement with FPF	8.0	5.2	2.8	53.8%
Development and tax increment financing bonds and notes payable	381.2	340.3	40.9	12.0%
Loan agreement with Missouri Transportation Finance Corporation	1.1	1.6	(0.5)	-31.3%
Capital lease—rolling stock	15.2	19.7	(4.5)	-22.8%
Certificates of participation	4.5	5.2	(0.7)	-13.5%
Obligations with component units	44.2	51.4	(7.2)	-14.0%
Leasehold revenue improvement and refunding bonds	438.9	435.0	3.9	0.9%
Joint venture financing agreement	28.9	33.5	(4.6)	-13.7%
Unamortized premium/discounts	10.8	6.9	3.9	56.5%
Total	\$ <u>976.5</u>	<u>953.2</u>	<u>23.3</u>	<u>2.4%</u>

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 2016 was \$437.3 million. The City's effective legal debt margin as of June 30, 2016 was \$427.6 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, 2016</p>

The City's underlying general obligation credit ratings changed for fiscal year 2015. The City ratings on uninsured general obligation bonds as of June 30, 2016 were:

Moody's Investor's Service, Inc.	A2
Standard and Poor's Corporation	A+
Fitch IBCA, Inc. Ratings	A-

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

	Fiscal Year	Fiscal Year		
	2016	2015	\$ Change	% Change
Airport	\$ 686.2	726.0	(39.8)	-5.48%
Water Division	5.1	2.3	2.8	121.74%
Parking Division	67.1	73.5	(6.4)	-8.71%
Total	\$ 758.4	801.8	(43.4)	-5.41%

Outstanding revenue bonds of the business-type activities of the City as of June 30, 2016 and 2015 were \$758.4 million and \$801.8 million, respectively. The amount reflects a decrease of \$43.4 million, or 5.4%. This amount includes Airport bonds of \$686.2 million, Water Division bonds of \$5.1 million, and Parking Division bonds of \$67.1 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 2017 annual operating budget allocates \$1,041.2 million among all budgeted funds, a 2.4% increase over the previous year's budget.
- The fiscal year 2017 general fund budget is \$511.1 million compared with \$492.6 million in fiscal year 2016. This amount reflects an increase of \$18.5 million, or 3.8%.
- Total employee positions for fiscal year 2017 are 6,673, a decrease of 8 positions mainly in the sheriff's office.

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, 2016
(dollars in thousands)

Assets	Primary Government			Component unit
	Governmental activities	Business-type activities	Total	SLDC
Cash and cash equivalents	\$ 85,273	80,309	165,582	7,366
Investments	28,695	90,827	119,522	—
Receivables, net	172,849	23,476	196,325	15,374
Inventories	1,152	4,434	5,586	—
Restricted assets	73,659	171,987	245,646	—
Internal balances	10,108	(10,108)	—	—
Other assets	2,663	3,586	6,249	399
Receivable from component unit	408	—	408	—
Property held for development, net	—	—	—	24,998
Capital assets, net:				
Nondepreciable	101,362	803,258	904,620	8,058
Depreciable	719,826	1,014,322	1,734,148	21,574
Total assets	1,195,995	2,182,091	3,378,086	77,769
Deferred outflow of resources	213,598	43,113	256,711	—
Total assets and deferred outflow of resources	1,409,593	2,225,204	3,634,797	77,769
Liabilities				
Accounts payable and accrued liabilities	19,167	20,598	39,765	2,428
Accrued salaries and other benefits	24,814	8,425	33,239	—
Accrued interest payable	127,623	18,531	146,154	—
Unearned revenue	3,110	5,188	8,298	—
Other liabilities	1,474	—	1,474	—
Payable to primary government	—	—	—	408
Payable to other government agencies	2	53	55	—
Long-term liabilities:				
Due within one year	126,687	42,013	168,700	5,137
Due in more than one year	1,665,152	814,527	2,479,679	45,454
Total liabilities	1,968,029	909,335	2,877,364	53,427
Deferred inflow of resources	10,817	1,904	12,721	—
Total liabilities and deferred inflow of resources	1,978,846	911,239	2,890,085	53,427
Net Position				
Net investments in capital assets	522,729	918,588	1,441,317	16,643
Restricted:				
Debt service	3,947	103,808	107,755	—
Capital projects	72	150,430	150,502	—
Passenger facility charges	—	22,961	22,961	—
Statutory restrictions	23,295	—	23,295	—
Unrestricted (deficit)	(1,119,296)	118,178	(1,001,118)	7,699
Total net position	\$ (569,253)	1,313,965	744,712	24,342

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Statement of Activities
Year ended June 30, 2016
(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 unit	
					Governmental activities	Business-type activities	Total	SLDC
Primary government:								
Governmental activities:								
General government	\$ 66,403	42,132	1,220	—	(23,051)	—	(23,051)	—
Convention and tourism	5,789	—	—	—	(5,789)	—	(5,789)	—
Parks and recreation	31,390	5,328	542	—	(25,520)	—	(25,520)	—
Judicial	51,085	9,746	2,418	—	(38,921)	—	(38,921)	—
Streets	75,707	27,330	57	630	(47,690)	—	(47,690)	—
Public safety:								
Fire	88,008	10,246	676	—	(77,086)	—	(77,086)	—
Police	226,537	4,051	2,724	—	(219,762)	—	(219,762)	—
Other	60,647	23,533	2,100	—	(35,014)	—	(35,014)	—
Health and welfare	57,112	1,073	36,105	—	(19,934)	—	(19,934)	—
Public service	79,451	5,977	—	5,894	(67,580)	—	(67,580)	—
Community development	82,459	7,076	21,210	—	(54,173)	—	(54,173)	—
Interest and fiscal charges	60,049	—	—	—	(60,049)	—	(60,049)	—
Total governmental activities	884,637	136,492	67,052	6,524	(674,569)	—	(674,569)	—
Business-type activities:								
Airport	165,756	162,837	692	9,378	—	7,151	7,151	—
Water Division	49,726	57,494	—	—	—	7,768	7,768	—
Parking Division	15,253	17,113	—	—	—	1,860	1,860	—
Total business-type activities	230,735	237,444	692	9,378	—	16,779	16,779	—
Total primary government	\$ 1,115,372	373,936	67,744	15,902	(674,569)	16,779	(657,790)	—
Component unit:								
SLDC	\$ 39,037	9,755	27,780	—	—	—	—	(1,502)
General revenues:								
Taxes:								
Property taxes, levied for general purpose					\$ 82,397	—	82,397	—
Property taxes, levied for debt service					6,251	—	6,251	—
Sales taxes					179,362	—	179,362	—
Earnings/payroll taxes					204,013	—	204,013	—
Gross receipts taxes (includes franchise tax)					91,778	—	91,778	—
Miscellaneous taxes					4,791	—	4,791	—
Unrestricted investment earnings					632	3,585	4,217	122
Extraordinary item - Natural disaster					—	678	678	—
Transfers					9,957	(9,957)	—	—
Total general revenues, extraordinary item, and transfers					579,181	(5,694)	573,487	122
Change in net position					(95,388)	11,085	(84,303)	(1,380)
Net position – beginning of year					(473,865)	1,302,880	829,015	25,722
Net position – end of year					\$ (569,253)	1,313,965	744,712	24,342

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Balance Sheet
Governmental Funds
June 30, 2016
(dollars in thousands)

	Major funds				Nonmajor funds	
	General fund	Redevelopment projects fund	Capital projects fund	Grants fund	Other governmental funds	Total governmental funds
Assets						
Cash and cash equivalents:	\$					
Restricted	3,829	3,453	25,498	1,190	2,758	36,728
Unrestricted	25,226	17,443	11,352	—	23,879	77,900
Investments:						
Restricted	11,256	3,087	17,589	—	4,999	36,931
Unrestricted	6,797	4,797	8,339	1,957	5,903	27,793
Receivables, net of allowances:						
Taxes	94,226	21,845	3,741	—	26,958	146,770
Licenses and permits	2,623	—	—	—	262	2,885
Intergovernmental	3,461	639	885	10,037	137	15,159
Charges for services	3,791	29	21	—	1,165	5,006
Other	434	—	524	2	655	1,615
Inventory	1,152	—	—	—	—	1,152
Prepaid asset	862	—	—	—	—	862
Due from component unit	—	—	—	—	447	447
Due from other funds	7,254	6,035	—	—	—	13,289
Total assets	\$ 160,911	57,328	67,949	13,186	67,163	366,537
Liabilities, Deferred Inflow of Resources, and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 4,478	60	3,587	8,151	2,654	18,930
Accrued salaries and other benefits	22,071	32	170	1,212	1,329	24,814
Due to component unit	—	—	—	—	26	26
Due to other funds	4,920	—	534	2,993	1,419	9,866
Due to other governmental agencies	2	—	—	—	—	2
Advance to other funds	37,914	—	—	—	—	37,914
Unearned revenue	343	—	—	—	2,767	3,110
Other liabilities	1,490	—	—	—	—	1,490
Total liabilities	71,218	92	4,291	12,356	8,195	96,152
Deferred inflow of resources	67,407	22,096	113	—	8,141	97,757
Total liabilities and deferred inflow of resources	138,625	22,188	4,404	12,356	16,336	193,909
Fund balances (deficit):						
Nonspendable	3,768	—	—	—	11	3,779
Restricted	13,532	31,979	42,682	830	17,740	106,763
Committed	10,136	—	38,950	—	31,467	80,553
Assigned	—	3,161	—	—	1,609	4,770
Unassigned	(5,150)	—	(18,087)	—	—	(23,237)
Total fund balances	22,286	35,140	63,545	830	50,827	172,628
Total liabilities, deferred inflow of resources, and fund balances	\$ 160,911	57,328	67,949	13,186	67,163	366,537

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, 2016
(dollars in thousands)

Total fund balances—governmental funds—balance sheet	\$	172,628
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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.		821,159
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Various taxes related to fiscal year 2016 will be collected beyond the 60-day period and is not recognized as revenue in the fund financial statements. Revenue for this amount is recognized in the government-wide financial statements.		7,230
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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, 2016 and payable on December 31, 2016 are deferred inflows of resources within the fund financial statements. However, revenue for this amount is recognized in the government-wide financial statements.		90,527
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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.		4,733
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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, 2016 are:

Accrued vacation and sick leave		(50,751)
Net OPEB Obligation		(205,680)
Net pension liability		(507,792)
Accrued interest payable		(127,623)
Joint venture financing agreement		(28,845)
Certificates of participation		(4,490)
Obligations with component unit		(44,203)
Capital leases-rolling stock		(15,188)
Leasehold improvement and refunding revenue bonds		(438,932)
Development and TIF bonds and notes payable		(381,231)
General obligation bonds		(16,795)
Section 108 Loan Guarantee Assistance Programs		(26,910)
Other long-term debt		(9,048)
Deferred outflow of resources		213,598
Deferred inflow of resources		(10,817)
Unamortized discounts		3,124
Unamortized premiums		(13,947)

Total net position—governmental activities—statement of net position	\$	(569,253)
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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, 2016
(dollars in thousands)

	Major funds				Nonmajor funds	
	General fund	Redevelopment projects fund	Capital projects fund	Grants fund	Other governmental funds	Total governmental funds
Revenues:						
Taxes	\$ 364,291	35,558	24,009	—	140,630	564,488
Licenses and permits	19,830	—	—	—	7,117	26,947
Intergovernmental	22,413	4,037	6,524	67,052	920	100,946
Charges for services, net	31,927	29	367	—	18,725	51,048
Court fines and forfeitures	4,009	—	—	—	—	4,009
Investment income	390	27	174	—	41	632
Interfund services provided	4,488	—	—	—	—	4,488
Miscellaneous	7,499	2,917	2,291	—	8,208	20,915
Total revenues	454,847	42,568	33,365	67,052	175,641	773,473
Expenditures:						
Current:						
General government	39,875	890	—	1,088	17,855	59,708
Convention and tourism	124	—	—	—	—	124
Parks and recreation	19,236	—	1,191	572	4,806	25,805
Judicial	44,955	—	—	2,364	3,707	51,026
Streets	34,858	—	6,753	50	1,082	42,743
Public Safety:						
Fire	65,455	—	—	648	1,126	67,229
Police	157,922	—	—	2,115	23,300	183,337
Other	49,735	—	343	2,056	8,273	60,407
Health and welfare	3,415	—	—	35,626	17,818	56,859
Public services	32,880	—	2,431	—	43,378	78,689
Community development	—	52,606	9,322	20,531	—	82,459
Capital outlay	3,287	—	34,223	635	177	38,322
Debt service:						
Principal	14,710	12,497	18,594	1,190	8,706	55,697
Interest and fiscal charges	17,083	19,754	7,581	138	9,212	53,768
Advance refunding escrow	—	—	554	—	1,826	2,380
Total expenditures	483,535	85,747	80,992	67,013	141,266	858,553
Excess (deficiency) of revenues over expenditures	(28,688)	(43,179)	(47,627)	39	34,375	(85,080)
Other financing sources (uses):						
Issuance of leasehold revenue bonds	17,197	—	32,244	—	—	49,441
Issuance of general obligation bonds	—	—	—	—	16,795	16,795
Issuance of development and tax increment financing notes	—	49,757	—	—	—	49,757
Proceeds from agreement with Forest Park Forever	—	—	5,000	—	—	5,000
Payment to refunded escrow agent	(19,648)	—	(6,554)	—	(17,865)	(44,067)
Premium on bond issuances	3,012	—	1,247	—	1,175	5,434
Transfers in	37,397	—	25,430	—	2,904	65,731
Transfers out	(15,637)	(1,288)	(50)	(27)	(38,772)	(55,774)
Total other financing (uses) sources, net	22,321	48,469	57,317	(27)	(35,763)	92,317
Net change in fund balances	(6,367)	5,290	9,690	12	(1,388)	7,237
Fund balances:						
Fund balance, beginning of year	28,653	29,850	53,855	818	52,215	165,391
Fund balance, end of year	\$ 22,286	35,140	63,545	830	50,827	172,628

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, 2016
(dollars in thousands)

Net change in fund balances—governmental funds—statement of revenues, expenditures, and changes in fund balances	\$ 7,237
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	38,322
Capital contribution	1,827
Loss on disposal of capital assets	(207)
Depreciation expense	(58,160)
	<u>(18,218)</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	(1,045)
Property taxes due in the fiscal year following the fiscal year in which they were assessed	5,046
	<u>4,001</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 net position of internal service funds attributable to governmental activities is reported on the statement of activities.	
	2,116
The City reports a net pension liability and deferred outflows and inflows relating to pensions on the statement of net position relating to its defined benefit pension plans. These accounts are not reported in the fund financial statements. Fluctuations in net pension liabilities and deferred outflows and inflows relating to pensions are reported in the statement of activities.	
	(31,558)
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.	
	(27,953)
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	(49,757)
General obligation bonds	(16,795)
Loan agreement with Forest Park Forever	(5,000)
Leasehold revenue bonds	(49,441)
Repayments during the current year:	
Payments to refunded escrow agent - leasehold revenue bonds	26,446
Payments to refunded escrow agent - general obligation bonds	17,621
Advance to escrow agent	2,380
Annual principal payments on bonds and notes payable	45,860
Annual principal payments on joint venture financing agreement	4,589
Annual principal payments on capital lease	4,543
Annual principal payments Certificates of Participation	705
	<u>(18,849)</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	(448)
Accrued interest payable	(7,360)
Unamortized discounts	(399)
Unamortized premiums	(3,506)
Deferred outflow of resources-bond refundings	(451)
	<u>(12,164)</u>
Change in net position—governmental activities—statement of activities	<u>\$ (95,388)</u>

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Statement of Fund Net Position
Proprietary Funds
June 30, 2016
(dollars in thousands)

	Major funds – Enterprise funds				
Assets	Lambert – St. Louis International Airport	Water Division	Parking Division	Total Enterprise Funds	Internal Service Funds
Current assets:					
Cash and cash equivalents:					
Restricted cash and cash equivalents	\$ 57,141	229	1,224	58,594	—
Unrestricted cash and cash equivalents	40,200	19,515	20,594	80,309	7,373
Investments:					
Unrestricted investments	44,551	17,991	—	62,542	902
Receivables, net of allowances:					
Intergovernmental	4,281	—	—	4,281	—
Charges for services	3,171	13,010	499	16,680	1,316
Passenger facility charges	2,223	—	—	2,223	—
Accrued interest	292	—	—	292	—
Other	—	—	—	—	98
Prepaid assets	—	—	—	—	1,801
Due from component unit	—	—	—	—	3
Due from other funds	—	—	—	—	6,685
Advance from other funds	—	—	—	—	37,914
Inventories	2,320	2,114	—	4,434	—
Other current assets	552	74	20	646	—
Total current assets	154,731	52,933	22,337	230,001	56,092
Noncurrent assets:					
Cash and cash equivalents:					
Restricted cash and cash equivalents	21,018	3,229	—	24,247	—
Investments:					
Restricted investments	80,799	—	8,347	89,146	—
Unrestricted investments	27,083	1,202	—	28,285	—
Capital assets:					
Property, plant, and equipment	1,765,925	300,094	84,156	2,150,175	123
Less accumulated depreciation	(951,289)	(153,783)	(30,781)	(1,135,853)	(94)
	814,636	146,311	53,375	1,014,322	29
Land, infrastructure and easements	754,597	1,238	22,903	778,738	—
Construction-in-progress	16,521	7,999	—	24,520	—
	1,585,754	155,548	76,278	1,817,580	29
Capital assets, net	1,585,754	155,548	76,278	1,817,580	29
Intangibles and other assets, net	1,689	553	698	2,940	—
Total noncurrent assets	1,716,343	160,532	85,323	1,962,198	29
Deferred outflow of resources	30,663	5,293	7,157	43,113	—
Total assets and deferred outflow of resources	1,901,737	218,758	114,817	2,235,312	56,121
Liabilities					
Current liabilities:					
Accounts payable and accrued liabilities	8,610	6,587	426	15,623	237
Accrued salaries and other benefits	2,254	517	243	3,014	—
Accrued vacation and compensatory time benefits	3,368	1,906	137	5,411	—
Contracts and retainage payable	4,975	—	—	4,975	—
Accrued interest payable	18,266	65	200	18,531	—
Current portion of revenue bonds	38,400	412	3,201	42,013	—
Due to other funds	4,686	4,153	1,269	10,108	—
Due to other government agencies	—	—	53	53	—
Claims payable	—	—	—	—	51,151
Unearned revenue and other deposits	1,745	1,767	1,676	5,188	—
Total current liabilities	82,304	15,407	7,205	104,916	51,388
Noncurrent liabilities:					
Revenue bonds payable, net	675,272	4,706	66,900	746,878	—
Net pension liability	30,885	13,273	3,522	47,680	—
Customer deposits	—	2,479	—	2,479	—
Other liabilities	12,160	4,355	975	17,490	—
Total noncurrent liabilities	718,317	24,813	71,397	814,527	—
Deferred inflow of resources	1,346	449	109	1,904	—
Total liabilities and deferred inflow of resources	801,967	40,669	78,711	921,347	51,388
Net Position					
Net investments in capital assets	912,411	—	6,177	918,588	29
Restricted:					
Debt service	93,258	979	9,571	103,808	—
Capital projects	—	150,430	—	150,430	—
Passenger facility charges	22,961	—	—	22,961	—
Unrestricted	71,140	26,680	20,358	118,178	4,704
Total net position	\$ 1,099,770	178,089	36,106	1,313,965	4,733

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, 2016
(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	\$ 84,566	—	—	84,566	—
Concessions	25,195	—	—	25,195	—
Water sales	—	53,229	—	53,229	—
Lease revenue	4,890	—	—	4,890	—
Parking, net	22,043	—	17,106	39,149	—
Charges for services	—	—	—	—	32,803
Miscellaneous	—	3,309	—	3,309	(265)
Total operating revenues	136,694	56,538	17,106	210,338	32,538
Operating expenses:					
Claims incurred	—	—	—	—	23,776
Premiums	—	—	—	—	2,552
Personnel services	39,928	16,872	5,891	62,691	300
Material and supplies	4,231	12,429	210	16,870	3,788
Purchased power	—	3,750	—	3,750	—
Contractual services	26,919	5,723	1,044	33,686	—
Miscellaneous	378	2,475	1,127	3,980	—
Depreciation	56,567	5,301	2,705	64,573	8
Interfund services used	3,214	2,944	66	6,224	—
Total operating expenses	131,237	49,494	11,043	191,774	30,424
Operating income	5,457	7,044	6,063	18,564	2,114
Nonoperating revenues (expenses):					
Intergovernmental revenue	692	—	—	692	—
Investment income	2,896	147	542	3,585	2
Interest expense	(34,448)	(228)	(3,771)	(38,447)	—
Passenger facility charges	25,785	—	—	25,785	—
Loss on disposal of capital assets	(71)	(4)	(439)	(514)	—
Miscellaneous, net	358	956	7	1,321	—
Total nonoperating revenues (expenses), net	(4,788)	871	(3,661)	(7,578)	2
Income (loss) before transfers, extraordinary item, and capital contributions, net	669	7,915	2,402	10,986	2,116
Transfers in	—	—	1,003	1,003	—
Transfers out	(6,415)	(3,276)	(1,269)	(10,960)	—
Extraordinary item - natural disaster	678	—	—	678	—
Capital contributions	9,378	—	—	9,378	—
Total transfers, extraordinary item, and capital contributions, net	3,641	(3,276)	(266)	99	—
Change in net position	4,310	4,639	2,136	11,085	2,116
Net position—beginning of year	1,095,460	173,450	33,970	1,302,880	2,617
Net position—end of year	\$ 1,099,770	178,089	36,106	1,313,965	4,733

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2016
(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	\$ 135,123	54,655	16,720	206,498	—
Other operating cash receipts	—	—	281	281	—
Payments to suppliers of goods and services	(34,595)	(21,189)	(4,223)	(60,007)	(30,432)
Payments to employees	(37,636)	(17,222)	(5,756)	(60,614)	(294)
(Payments)/receipts for interfund services used	(2,918)	(3,558)	—	(6,476)	33,988
Net cash provided by operating activities	59,974	12,686	7,022	79,682	3,262
Cash flows from noncapital financing activities:					
Interest paid on share of bond pension liability	—	(264)	—	(264)	—
Transfers from the State of Missouri	—	—	7	7	—
Transfers from other funds	—	—	1,003	1,003	—
Transfers to other funds	(6,415)	(3,100)	(1,269)	(10,784)	—
Net cash used in noncapital financing activities	(6,415)	(3,364)	(259)	(10,038)	—
Cash flows from capital and related financing activities:					
Cash collections from passenger facility charges	27,033	—	—	27,033	—
Receipts from federal financing assistance	17,293	—	—	17,293	—
Acquisition and construction of capital assets	(28,017)	(11,200)	(5,312)	(44,529)	—
Interest on deferred outflow of resources	—	—	326	326	—
Insurance recoveries	800	—	—	800	—
Proceeds from sale of surplus property	1,277	—	—	1,277	—
Proceeds from issuance of bonds	—	3,234	39,423	42,657	—
Principal paid on revenue bond maturities	(39,785)	(404)	(2,750)	(42,939)	—
Cash paid for interest	(37,399)	(25)	(3,760)	(41,184)	—
Other capital and financing activities	—	1,236	(41,772)	(40,536)	—
Net cash used in capital and related financing activities	(58,798)	(7,159)	(13,845)	(79,802)	—
Cash flows from investing activities:					
Purchase of investments	(250,517)	(25,971)	(19,113)	(295,601)	(753)
Proceeds from sales and maturities of investments	287,636	25,956	20,988	334,580	—
Interest expense on cash and investments	—	85	—	85	—
Investment income	3,206	—	557	3,763	—
Net cash provided by (used in) investing activities	40,325	70	2,432	42,827	(753)
Net increase (decrease) in cash and cash equivalents	35,086	2,233	(4,650)	32,669	2,509
Cash and cash equivalents:					
Beginning 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
End of year:					
Unrestricted	40,200	19,515	20,594	80,309	7,373
Restricted	78,159	3,458	1,224	82,841	—
	\$ 118,359	22,973	21,818	163,150	7,373
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 5,457	7,044	6,063	18,564	2,114
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	56,567	5,729	2,705	65,001	8
Changes in assets and liabilities:					
Receivables, net	(850)	(1,635)	(127)	(2,612)	(1,052)
Inventories	82	161	—	243	—
Prepaid assets	—	—	—	—	(1,061)
Other assets, net	73	(102)	(256)	(285)	—
Accounts payable, accrued liabilities, accrued salaries, and other benefits	(3,143)	811	(1,098)	(3,430)	(119)
Claims payable	—	—	—	—	872
Unearned revenue and other deposits	(365)	391	22	48	—
Due to/from other funds	413	209	(478)	144	(503)
Advance to other funds	—	—	—	—	3,003
Customer deposits	—	(54)	—	(54)	—
Net pension liabilities	2,216	201	223	2,640	—
Other long term liabilities	(476)	(69)	(32)	(577)	—
Total adjustments	54,517	5,642	959	61,118	1,148
Net cash provided by operating activities	\$ 59,974	12,686	7,022	79,682	3,262
Supplemental disclosure for noncash activities:					
Unrealized (loss) gain on investments	\$ 704	—	(51)	653	—
Loss on disposal of capital assets	(71)	(4)	(439)	(514)	—

City of St. Louis, Missouri
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016
(dollars in thousands)

	Pension Trust Funds (as of September 30, 2015*)	Agency Funds
Assets		
Cash and cash equivalents - unrestricted	\$ 11,343	25,505
Cash and cash equivalents - restricted	—	2,471
Pension trust investments:		
Bonds	200,173	—
Domestic bond funds	78,530	—
Stocks	551,348	—
Mortgage-backed securities	20,065	—
Collective investment funds	321,262	—
Real estate equities and investment trust	175,747	—
Investment property	850	—
Hedge funds	155,508	—
Money market mutual funds and other short-term investments	59,669	—
Managed master limited partnership	154,548	—
Managed international equity funds	169,246	—
Total investments	1,886,946	—
Securities lending collateral	2,198	—
Receivables, net of allowances:		
Taxes	—	19,184
Contributions	134	—
Accrued interest	2,781	—
Due from Firemen's Retirement System	1,124	—
Other	1,645	1,951
Capital assets, net	1,064	—
Total assets	1,907,235	49,111
Deferred outflows of resources		
System's staff pension related	139	—
Total deferred outflows of resources	139	—
Total assets and deferred outflows of resources	1,907,374	49,111
Liabilities		
Accounts payable and accrued liabilities	2,080	8,550
Deposits held for others	109	14,133
Due to Firefighter's Retirement Plan	1,287	—
Due to other governmental agencies	—	26,428
Securities lending collateral liability	2,198	—
Other liabilities	7,094	—
Total liabilities	12,768	49,111
Deferred inflows of resources		
System's staff pension related	76	—
Total deferred inflows of resources	76	—
Total liabilities and deferred inflows of resources	12,844	49,111
Net position		
Net position restricted for pension benefits	\$ 1,894,530	—

*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, 2016
(dollars in thousands)

	Pension Trust Funds (as of September 30, 2015*)
Additions:	
Contributions:	
Members	\$ 7,263
Employer	73,815
Investment income:	
Interest and dividends	28,908
Net depreciation in fair value of investments	(68,496)
Investment loss	(39,588)
Less investment expense	(9,096)
Net investment loss	(48,684)
Total additions	32,394
Deductions:	
Benefits	160,188
Refunds of contributions	3,833
Administrative expense	3,754
Total deductions	167,775
Decrease before transfers	(135,381)
Transfer in	1,071
Transfer out	(1,071)
Total transfers	—
Net decrease	(135,381)
Net position restricted for pension benefits:	
Beginning of year, as previously reported	2,030,335
Restatement-	
Effect of recording net pension liability	
System's staff pension related (note 10)	(424)
Beginning of year, adjusted	2,029,911
End of year	\$ 1,894,530

*See note 10.
See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2016
(dollars in thousands)

1. 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

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2016
(dollars in thousands)

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 Unit

The component unit column in the statement of net position and statement of activities include the financial data of the City's discretely presented component unit. This is reported individually to emphasize that it is 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 seven independent development agencies for the purpose of coordinating administrative services for all seven agencies. The agencies that are considered component units of SLDC are the Land Reutilization Authority (LRA), the Land Clearance for Redevelopment Authority (LCRA), the LCRA Holdings Corporation (LCRAH), the St. Louis Industrial Development Authority (IDA), the Planned Industrial Expansion Authority (PIEA), 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. The City realizes a financial benefit through the development activity with SLDC and the City subsidizes any deficit that SLDC has. 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.

Complete financial statements of the discretely presented component unit may be obtained from their administrative offices as follows:

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

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3) Change in Reporting Entity

The City included the Solid Waste Management and Development Corporation (SWMDC) as a discretely component unit as of June 30, 2015. During 2016, the City determined that the economic resources held by SWMDC for the direct benefit of the City are not significant to the City and, hence, the City has recorded a change in their reporting entity and SWMDC is not presented as a discretely component unit as of and for the year ended June 30, 2016.

4) 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.

5) 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.

6) Pension Trust Funds

Financial information for the pension trust funds has been included within the accompanying financial statements as of September 30, 2015, 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 its legally separate component unit 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 redevelopment projects 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, deferred outflow of resources, liabilities, deferred inflow of resources, 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.

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Redevelopment Projects Fund—The redevelopment project fund is a special revenue fund that is used to record activity related to tax increment financing districts, funding associated with state subsidized redevelopment projects using super tax incrementing financing funds or Missouri Downtown Economic Stimulus Act (MODESA) funding or other development pledged revenues.

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 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

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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.

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 (Firefighters’ 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).

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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.

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.

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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.

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 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. 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 based on quotations from national security exchanges. 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.

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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 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

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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 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.

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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.

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

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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

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/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

City of St. Louis, Missouri
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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, 2016 were \$2,223. This amount was collected during July and August 2016.

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.

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 are 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

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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).

As of June 30, 2016 deferred outflows/inflows of resources consist of the following:

Deferred outflow of resources:	
Pension related:	
FRS	\$ 64,925
FRP	22,635
PRS	68,699
ERS	75,034
Loss on bond defeasance/refunding	<u>25,418</u>
	<u>\$ 256,711</u>
Deferred inflow of resources:	
Pension related:	
FRP	\$ 4,020
PRS	1,361
ERS	7,340
Loss on bond defeasance/refunding	<u>-</u>
	<u>\$ 12,721</u>

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, 2016.

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.

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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.

Fund Balance Designation

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

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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, 2016.
- **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 represent tax and other revenue sources that are required by statute to be expended only for a specific purpose or purposes.

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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, 2016, the Assessor’s Office nonmajor governmental fund has a deficit fund balance of \$217. This amount will be offset by future taxes.

Current Adoption of GASB Statements

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. In adopting this statement, the City has revised the note disclosure to reflect the level of fair value hierarchy for investments, as well as indicated the fair value methodology. The requirements of this statement are effective for the City for the year ended June 30, 2016. The information can be referenced in note 2.

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 ended June 30, 2016.

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 ended June 30, 2016.

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Implementation of Future Accounting Standards

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, 2017. 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 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. 77, *Tax Abatement Disclosures*, will be effective for the City beginning with its year-ending 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.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*, will be effective for the City beginning with its year ending June 30, 2017. The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units and amend the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criteria requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to the component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The City has not evaluated the impact of this statement.

GASB Statement No. 82, *Pension Issues – an Amendment of GASB Statement No. 67, No. 68 and No. 73*, will be effective for the City beginning with its year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Relate Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions if GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The City has not evaluated the impact of this statement.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, will be effective for the City beginning with its year ending June 30, 2019. The objective of this Statement is to address accounting

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and financial reporting for certain retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The City had not evaluated the impact of this statement.

2. DEPOSITS AND INVESTMENTS

a. Primary Government

The following is a reconciliation of the City's deposit and investment balances as of June 30, 2016:

As the investment strategies and associated risks for the Firemen's System, the Firefighters' 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.

	Cash and Cash and Equivalents	Investments	Restricted Cash	Restricted Investments	Total
Government-wide statement of net position	\$ 165,582	119,522	119,569	126,077	530,750
Fiduciary statement of fiduciary net position —agency funds	25,505	—	2,471	—	27,976
Total primary government excluding pension trust funds	191,087	119,522	122,040	126,077	558,726
Fiduciary statement of fiduciary net position —pension trust funds:					
Firemen's System	3,590	448,989	—	—	452,579
Firefighter's Plan	65	31,663	—	—	31,728
Police System	7,277	678,895	—	—	686,172
Employees' System	411	727,399	—	—	727,810
Total pension trust funds	11,343	1,886,946	—	—	1,898,289
Total primary government	\$ 202,430	2,006,468	122,040	126,077	2,457,015

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

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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.

As of June 30, 2016, the primary government (excluding the pension trust funds) had the following cash deposits and investments:

Federal National Mortgage Association	\$	74,447
Federal Home Loan Mortgage Corp.		24,432
Federal Home Loan Bank		65,310
United States Treasuries		66,736
Tennessee Valley Authority		3,645
Supra National Note		3,509
Commercial Paper		43,395
Money Market Mutual Funds		84,592
Certificates of Deposit		3,218
Other Cash Deposits		189,442
	\$	<u>558,726</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).

Fair Value Measurements

The City applies the provisions of GASB Statement No. 72 for the fair value measurements of financial assets and financial liabilities and for the fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. GASB Statement No. 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the

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lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets that the entity has the ability to access at the measurement date. Level 1 investments include U.S. treasury obligations.
- Level 2 inputs are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liabilities. Level 2 investments include commercial paper and U.S. government agency obligations.
- Level 3 inputs are significant unobservable inputs for the asset. The City had no Level 3 investments as of June 30, 2016.

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2016:

		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Total			
Federal National				
Mortgage Association	\$ 74,447	—	74,447	—
Federal Home Loan				
Mortgage Corp.	24,432	—	24,432	—
Federal Home Loan Bank	65,310	—	65,310	—
United States Treasuries	66,736	66,736	—	—
Tennessee Valley Authority	3,645	—	3,645	—
Supra National Note	3,509	—	3,509	—
Commercial Paper	43,395	—	43,395	—
Money Market Mutual				
Funds	84,592	—	84,592	—
	<u>\$ 366,066</u>	<u>66,736</u>	<u>299,330</u>	<u>—</u>

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

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time deposit with a stated maturity or more than five years from the date of purchase. The average maturity for collateral provided to the City for deposits in connection with a repurchase agreement shall not exceed five years without the written approval of the Treasurer. In connection with any outstanding bond issue, debt service reserve funds may be invested to a maximum maturity of the bond issue.

The investments of the primary government (excluding the pension trust funds) had the following maturities on June 30, 2016:

	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Federal National					
Mortgage Association	\$ 74,447	52,643	21,804	—	—
Federal Home Loan					
Mortgage Corp.	24,432	12,854	11,578	—	—
Federal Home Loan Bank	65,310	35,029	30,281	—	—
United States Treasuries	66,736	33,335	33,401	—	—
Tennessee Valley Authority	3,645	—	3,645	—	—
Supra National Note	3,509	—	3,509	—	—
Commercial Paper	43,395	43,395	—	—	—
Money Market Mutual					
Funds	84,592	84,592	—	—	—
	<u>\$ 366,066</u>	<u>261,848</u>	<u>104,218</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, 2016:

	<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	\$ 74,447	—	12,173	44,879	—	17,395
Federal Home Loan						
Mortgage Corp.	24,432	—	6,458	17,974	—	—
Federal Home Loan Bank	65,310	—	1,862	63,448	—	—
United States Treasuries*	66,736	—	—	—	—	66,736
Tennessee Valley						
Authority	3,645	—	—	3,645	—	—
Supra National Note	3,509	3,509	—	—	—	—
Commercial Paper	43,395	—	4,397	—	38,998	—
Money Market Mutual						
Funds	84,592	84,592	—	—	—	—
	<u>\$ 366,066</u>	<u>88,101</u>	<u>24,890</u>	<u>129,946</u>	<u>38,998</u>	<u>84,131</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, 2016, the following City investments are held by the counterparty's trust department or agent, and are not in the City's name: \$6,934 of Federal National Mortgage Association securities, \$6,258 of Federal Home Loan Mortgage Corporation securities, and \$8,297 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, 2016, the concentration of the City's deposits and investments was as follows:

Federal National Mortgage Association	13.32%
Federal Home Loan Mortgage Corp.	4.37
Federal Home Loan Bank	11.69
United States Treasuries	11.94
Tennessee Valley Authority	0.65
Supra National Note	0.63
Commercial Paper	7.77
Money Market Mutual Funds	15.14
Certificates of Deposit	0.58
Other Cash Deposits	33.91
	100.00%

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

As of September 30, 2015, the Firemen's System had the following cash deposits and investments:

Common stock	\$ 172,796
Collective investment—equity	48,390
Limited partnership units	16,629
Hedge funds—equity	49,671
Collective investment—bonds	66,747
Corporate bonds	27,621
Real estate investment trust	59,024
Money market funds	8,111
Other cash deposits	3,590
	\$ 452,579

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.

In fiscal year 2015, the Firemen's System adopted GASB Statement No. 72 (GASB 72), *Fair Value Measurement and Application*. GASB 72 was issued to address accounting and financial and reporting issues related to fair value measurements. The Firemen's System categorizes its fair

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value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The Firemen's System has the following recurring fair value measurements as of September 30, 2015:

	Level 1	Level 2	Level 3	Total
Investments, at fair value:				
Corporate stocks:				
Domestic	\$ 114,887	—	—	114,887
International	57,909	—	—	57,909
Collective investment funds - government bonds, agencies, and mortgaged-backed securities	—	5,520	—	5,520
Corporate bonds:				
Domestic	—	26,738	—	26,738
International	—	883	—	883
Collective investment funds - international equity	48,390	—	—	48,390
Collective investment funds - domestic fixed income	—	61,227	—	61,227
Hedge funds	—	49,671	—	49,671
Real estate investment trust	—	59,024	—	59,024
Limited partnership units - energy	—	16,629	—	16,629
Money market funds	8,111	—	—	8,111
Total investments	\$ 229,297	219,692	—	448,989

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.

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, 2015:

	Fair value	Investment maturities (in years)			
		Less than 1	1-5	6-10	More than 10
Collective investment - bonds	\$ 66,747	9,369	19,943	23,475	13,960
Corporate bonds	27,621	746	6,049	19,804	1,022
	\$ 94,368	10,115	25,992	43,279	14,982

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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, 2015:

Credit rating level	Total	Collective investment	Corporate bonds
AAA	\$ 35,408	35,408	—
AA	7,065	7,065	—
A	12,098	12,098	—
BBB	12,009	11,208	801
BB	11,477	271	11,206
B	14,244	483	13,761
Not rated	2,067	214	1,853
	<u>\$ 94,368</u>	<u>66,747</u>	<u>27,621</u>

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

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, 2015:

	Money market	Equities	Fixed income	Hedge fund	Real estate investment trust	Total
Australian Dollar	\$ —	1,824	—	—	—	1,824
British Pound Sterling	—	11,353	—	—	—	11,353
Danish Krone	—	2,072	—	—	—	2,072
Euro	—	20,136	—	—	—	20,136
Hong Kong Dollar	—	1,999	—	—	—	1,999
Japanese Yen	—	4,708	—	—	—	4,708
Singapore Dollar	—	714	—	—	—	714
South Korean Won	—	880	—	—	—	880
Swedish Krona	—	594	—	—	—	594
Swiss Franc	—	6,286	—	—	—	6,286
Total foreign currency	—	50,566	—	—	—	50,566
U.S. Dollar	8,111	187,249	94,368	49,671	59,024	398,423
Total	<u>\$ 8,111</u>	<u>237,815</u>	<u>94,368</u>	<u>49,671</u>	<u>59,024</u>	<u>448,989</u>

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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.

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

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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, 2015 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)	5.0
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 2.75%) and net of investment expenses (assumed at 0.5%).

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)

Investments that exceed 5% or more of net assets held in trust for pension benefits for the Firemen's System at September 30, 2015 are as follows:

Aberdeen Core Plus Fixed Income Portfolio	\$ 61,227
The Principal US Property Account	59,024
Acadian International Small Cap Fund	26,025
CF Magnitude International Ltd. Class A Initial	25,763
EnTrust Capital Diversified Fund QP, Ltd. Class E1 Series 0405 Hedge Fur	23,908

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.

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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, 2015, \$68,038 in loans were outstanding to borrowers. The Firemen's System earned income of \$255 for its participation in the securities lending program for the year ended September 30, 2015.

3) Primary Government—Pension Trust Fund—Firefighters' Plan

As of September 30, 2015, the Firefighters' Plan had the following cash deposits and investments:

Equities	\$	22,267
Fixed income		5,783
Money market fund		3,613
Other cash deposits		65
	\$	<u>31,728</u>

The Firefighters' Plan investments are continuously exposed to various types of inherent risks. These risks are mitigated by the Firefighters' 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 Firefighters' Plan's current level of exposure to various risks.

In fiscal year 2015, the Firefighters' Plan adopted GASB Statement No. 72 (GASB 72), *Fair Value Measurement and Application*. GASB 72 was issued to address accounting and financial and reporting issues related to fair value measurements. The Firefighters' Plan categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the calculation inputs used to measure the fair value of the asset. Level 1 inputs are quoted at prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant

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unobservable inputs. The Firefighters' Plan has the following recurring fair value measurements as of September 30, 2015:

	Level 1	Level 2	Level 3	Total
Investments, at fair value:				
Corporate stocks:				
Domestic	\$ 5,151	—	—	5,151
International	139	—	—	139
Government bonds, agencies and mortgage-backed securities	—	4,974	—	4,974
Corporate bonds:				
Domestic	—	809	—	809
Exchange traded funds				
Domestic equity	8,653	—	—	8,653
International equity	8,324	—	—	8,324
Money market funds	3,613	—	—	3,613
Total investments	\$ 25,880	5,783	—	31,663

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 Firefighters' Plan as of September 30, 2015:

	Fair Value	Investment maturities (in years)			
		Less than 1	1 – 5	6 – 10	More than 10
Government bonds, agencies, and mortgage-backed securities	\$ 4,974	399	1,281	832	2,462
Corporate bonds	809	—	—	809	—
Total	\$ 5,783	399	1,281	1,641	2,462

The Firefighters' 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, 2015:

Credit Rating Level	Total
AAA	\$ —
AA	4,845
A	867
BBB	71
	\$ 5,783

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Custodial credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Firefighters' 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 Firefighters' 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 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 Firefighters' Plan's investment in a single issuer. The Firefighters' 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 Firefighters' Plan 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 large cap equity	25%	30%	35%
Domestic mid cap equity	15	20	25
International equity	25	30	35
Fixed income	15	20	25

Long-term expected rate of return on the Firefighters' 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 Firefighters' Plan's target asset allocation as of September 30, 2015 are summarized in the following table:

Asset class	Long-term Expected Real Rate Of Return
Domestic equity	4.3%
International equity	4.7%
Fixed income	(1.3)
Money market	—

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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 Firefighters' Plan at September 30, 2015 are as follows:

Vanguard 500 Index Admiral Shares	\$	8,653
Vanguard FTSE All-World Ex-U.S. Fund		8,324
Northern Trust Collective Government Short-term Investment Fund		3,613
U.S. Treasury Bond, 2.75%, due 08/15/2042		1,594

4) Primary Government—Pension Trust Fund—Police System

As of September 30, 2015, the Police System had the following cash deposits and investments:

Equities:		
Common stock	\$	182,060
Collective investment funds		181,636
Real estate securities fund		29,919
Mortgaged-backed securities-government		2,170
Mortgaged-backed securities-non-government		17,895
Fixed income collective investment fund		24,489
Corporate bonds		54,740
Hedge funds of funds		31,320
Government securities		24,449
Money market funds		42,362
Investment property		850
Partnership interest		87,005
Other cash deposits		7,277
	\$	<u>686,172</u>

The Police System's bank deposits were fully secured or collateralized at September 30, 2015. 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.

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In fiscal year 2015, the Police System adopted GASB Statement No. 72 (GASB 72), *Fair Value Measurement and Application*. GASB 72 was issued to address accounting and financial and reporting issues related to fair value measurements. The Police System categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the calculation inputs used to measure the fair value of the asset. Level 1 inputs are quoted at prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Police System has the following recurring fair value measurements as of September 30, 2015:

	Total	Level 1	Level 2	Level 3
Investments, at fair value:				
Corporate stocks:				
Domestic	\$ 145,489	145,489	—	—
International	36,572	36,572	—	—
Government bonds, agencies and mortgage-backed securities	44,513	—	44,513	—
Corporate bonds:				
Domestic	54,741	—	54,741	—
Collective investment funds:				
International equity	181,636	181,636	—	—
Domestic fixed income	24,488	—	24,488	—
Limited partnership units:				
Venture Capital	79,468	—	—	79,468
Energy	7,537	—	—	7,537
Money market funds	42,362	42,362	—	—
Investment property	850	—	—	850
	<u>617,656</u>	<u>406,059</u>	<u>123,742</u>	<u>87,855</u>
Total investments	\$			
Investments measured at net asset value (NAV):				
Hedge funds	31,320			
Real estate investment trust	29,919			
	<u>61,239</u>			
Total investments measured at NAV				
	\$			
Total investments measured at fair value	<u>678,895</u>			

For the investments measured at NAV at September 30, 2015:

- There were no unfunded purchase commitments;
- Redemption frequency, when currently eligible, is quarterly;
- Notice period for redemptions is 1 to 90 days.

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

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exposures by asset class schedules are presented below to provide an illustration of the Police System's current level of exposure to various risks.

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, 2015:

	Fair Value	Investment maturities (in years)			
		Less than 1	1 – 5	6 – 10	More than 10
Mortgaged-backed securities – government	\$ 2,170	3	146	—	2,021
Mortgaged-backed securities – nongovernment	17,895	—	2,416	2,435	13,044
Collective investment funds	24,489	8,326	6,122	6,123	3,918
Corporate bonds	54,740	9,278	19,836	20,452	5,174
Government Securities	24,449	3,376	16,253	3,592	1,228
	<u>\$ 123,743</u>	<u>20,983</u>	<u>44,773</u>	<u>32,602</u>	<u>25,385</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, 2015:

Credit rating level	Total	Government mortgage- backed securities	Nongovernment mortgage- backed securities	Collective investment funds	Corporate bonds	Government securities	Short-term notes
AAA	\$ 18,240	2,170	3,610	—	1,674	10,786	—
AA	43,099	—	1,051	24,489	7,303	10,256	—
A	36,310	—	6,215	—	30,095	—	—
BBB	6,100	—	—	—	6,100	—	—
BB	—	—	—	—	—	—	—
CCC	522	—	522	—	—	—	—
CC	—	—	—	—	—	—	—
D	253	—	253	—	—	—	—
Not Rated	19,219	—	6,244	—	9,568	3,407	—
	<u>\$ 123,743</u>	<u>2,170</u>	<u>17,895</u>	<u>24,489</u>	<u>54,740</u>	<u>24,449</u>	<u>—</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, 2015:

	Equities	Fixed Income	Money Market	Hedge Funds of Funds	Investment Property and Partnership	Total
Australian Dollar	\$ —	519	—	—	—	519
British Pound Sterling	1,383	1,218	—	—	—	2,601
Canadian Dollar	957	2,985	—	—	—	3,942
Euro	1,259	2,049	—	—	—	3,308
Indian Rupee	754	—	—	—	—	754
Israeli Shekel	246	—	—	—	—	246
Japanese Yen	—	1,075	—	—	—	1,075
Norwegian Kron	21	—	—	—	—	21
Swiss Franc	1,286	713	—	—	—	1,999
Total foreign currency	5,905	8,560	—	—	—	14,465
U.S. Dollar	387,710	115,183	42,362	31,320	87,855	664,430
Total	\$ 393,615	123,743	42,362	31,320	87,855	678,895

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	14%	19%	24%
Domestic Equities:			
Large Cap	13	18	23
Mid Cap	1	6	11
Small Cap	1	6	11
Foreign equities:			
Developed markets	8	13	18
Emerging markets	1	6	11
Non-U.S. developing markets	1	6	11
Non-Directional Hedge Funds of Funds	—	5	10
Real Estate Equities	3	8	13
Private equity	3	8	13
Other	—	4	9

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, 2015 are summarized in the following table:

Asset class	Long-term Expected Real Rate Of Return
Fixed income	(0.35) %
Domestic equity	4.25
Foreign equity	4.75
Non-directional hedge fund of funds	2.10
Real estate (REIT)	4.05
Private equity (partnerships)	9.90

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.
Neuberger Berman Secondary Opportunities Fund III, 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	\$	58,621
Wellington Trust Company International Opportunities Fund		71,657
MFB Daily S&P 500 Equity Index Fund		51,357
Brandes Non-U.S. Small Cap Portfolio Fund		40,658
Lazard Emerging Markets Core Equity Trust		36,572
Crescent Capital High Income Fund		35,154

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, 2015 were \$67,558. The Police System earned income of \$161 for its participation in the securities lending program for the year ended September 30, 2015.

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5) Primary Government—Pension Trust Fund—Employees' System

As of September 30, 2015, the Employees' System had the following cash deposits and investments:

Common stocks	\$	157,597
Managed international equity funds		169,246
Managed master limited partnerships		67,543
Bonds		87,580
Domestic bond funds		78,530
Real estate funds		86,804
Temporary cash investments		5,582
Managed hedge fund of funds		74,517
Other cash deposits		411
	\$	<u>727,810</u>

The bank balances of the Employees' System at September 30, 2015 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.

GASB Statement No. 72 (GASB 72), *Fair Value Measurement and Application*. GASB 72 was issued to address accounting and financial and reporting issues related to fair value measurements. The Employees' System did not implement this statement as of September 30, 2015.

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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:

	Short- term	Debt	Total
Polish Zloty	\$ —	60	60
British Pound	29	2,025	2,054
Australian Dollar	41	511	552
Canadian Dollar	16	677	693
Euros	63	7,462	7,525
Japanese Yen	33	4,816	4,849
Mexican Peso	2	123	125
Danish Krone	2	65	67
Total	\$ 186	15,739	15,925

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:

<u>Quality rating</u>	
Aaa/U.S. Governments	\$ 83,093
Aa	8,825
A	28,906
Baa	25,964
Below Baa	20,405
Not Rated	508
Total	\$ 167,701

All temporary cash investments held by the Employees' Retirement System at September 30, 2015 were unrated.

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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.

<u>Investment</u>	<u>Fair value</u>	<u>Effective duration</u>
Payden and Rygel	\$ 32,368	6.16 years
Allegiant (PNC)	56,803	5.48 years
SSGA	33,951	8.00 years
Loomis	25,392	4.52 years
Vanguard	19,187	5.44 years
	<u>\$ 167,701</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, 2015, 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, 2015, the Employees' System has lending arrangements outstanding with a market value for securities lent of \$2,184.

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Concentration of Credit Risk

At September 30, 2015, 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	\$ 40,061
INTECH Investment Management	
U.S. Large Cap Core Equity	67,249
LSV Asset Management	
U.S. Large Cap Value Equity	36,158
PNC Capital Advisors	
U.S. Broad Market Core Fixed Income	56,803
Principal Global Investors	
Real Estate Group Annuity Contract	86,804
Silchester International Advisors	
International Value Equity Group Trust	69,696
Evanston Weatherlow Offshore	
Hedge fund	39,151

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, 2016, all 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, 2016, the market value of investments approximated the carrying value of \$882.

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3. RECEIVABLES, NET

	<u>Taxes</u>	<u>Intergovern- mental</u>	<u>Charges for Services</u>	<u>Other</u>	<u>Total Receivables</u>
Governmental activities:					
General fund	\$ 94,226	3,461	3,791	3,057	104,535
Redevelopment project fund	21,845	639	29	—	22,513
Capital projects fund	3,741	885	21	524	5,171
Grants fund	—	10,037	—	2	10,039
Other governmental funds	<u>26,958</u>	<u>137</u>	<u>1,165</u>	<u>917</u>	<u>29,177</u>
Total governmental activities	<u>\$ 146,770</u>	<u>15,159</u>	<u>5,006</u>	<u>4,500</u>	<u>171,435</u>
Business-type activities:					
Airport	\$ —	4,281	3,171	2,515	9,967
Water Division	—	—	13,010	—	13,010
Parking Division	<u>—</u>	<u>—</u>	<u>499</u>	<u>—</u>	<u>499</u>
Total business-type activities	<u>\$ —</u>	<u>4,281</u>	<u>16,680</u>	<u>2,515</u>	<u>23,476</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	\$ 730
Taxes receivable—other governmental funds	97
License and permits receivable—general fund	25
Charges for services receivable—general fund	2,312
Charges for services receivable—other governmental funds	111
Business-type activities:	
Charges for services receivable—Airport	21
Charges for services receivable—Water Division	<u>3,356</u>
	<u>\$ 6,652</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

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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.

6. RESTRICTED ASSETS

a. Airport

Cash and investments, restricted in accordance with bond provisions, are as follows at June 30, 2016:

Airport bond fund:	
Debt service account	\$ 57,141
Debt service reserve account	35,825
Airport renewal and replacement fund	3,500
Passenger facility charge fund	20,739
Airport debt service stabilization fund	38,211
Airport construction fund	1,456
Drug enforcement agency funds	2,086
	<u>\$ 158,958</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.

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- 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 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.

City of St. Louis, Missouri
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b. Water Division

Cash restricted in accordance with bond provisions and City ordinances at June 30, 2016 is as follows:

Bond funds:	
Waterworks bond fund	\$ 229
Water replacement and improvement account	750
	<hr/>
Total bond funds	979
Customer deposits	2,479
	<hr/>
Total restricted cash	<u>\$ 3,458</u>

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 2013 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 1/6 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 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.
4. 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.

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c. Parking Division

Cash and investments restricted in accordance with bond indentures at June 30, 2016 are as follows:

Series 2015A bonds:	
Debt service reserve	\$ 511
Debt service	172
Series 2015A project account	60
Total series 2015A bonds	<u>743</u>
Series 2013A bonds:	
Debt service reserve	83
Total series 2013A bonds	<u>83</u>
Series 2007 and 2006 bonds:	
Debt service reserve	1,869
Debt service	1,449
Repair and replacement	2,649
Net project revenues	375
Parking trust—Parking Division accounts	1,913
Total series 2007 and 2006 bonds	<u>8,255</u>
Series 2003A and 2003B bonds:	
Gross revenues	145
Bond	136
Repair and replacement	39
Operating reserve	100
Redemption	70
Total series 2003A and 2003B bonds	<u>490</u>
Total restricted cash and investments	<u>\$ 9,571</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, 2016:

	Balance June 30, 2015	Additions	Retirements	Transfers	Balance June 30, 2016
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 80,382	1,289	—	—	81,671
Construction in progress	9,652	13,881	—	(9,643)	13,890
Equipment in progress	816	—	—	(816)	—
Works of art	3,558	3	—	—	3,561
Intangibles	1,153	193	—	894	2,240
Total capital assets not being depreciated	95,561	15,366	—	(9,565)	101,362
Capital assets being depreciated:					
Buildings	651,348	8,402	—	4,053	663,803
Improvements other than buildings	94,051	4,216	—	2,460	100,727
Equipment	171,679	6,720	(3,704)	136	174,831
Infrastructure	662,026	5,224	—	2,894	670,144
Intangibles	1,931	156	(91)	22	2,018
Total capital assets being depreciated	1,581,035	24,718	(3,795)	9,565	1,611,523
Less accumulated depreciation for:					
Buildings	246,700	16,296	—	—	262,996
Improvements other than buildings	34,833	2,197	—	—	37,030
Equipment	111,222	9,355	(3,562)	—	117,015
Infrastructure	443,527	30,017	—	—	473,544
Intangibles	908	295	(91)	—	1,112
Total accumulated depreciation	837,190	58,160	(3,653)	—	891,697
Total capital assets being depreciated, net	743,845	(33,442)	(142)	9,565	719,826
Governmental activities capital assets, net	\$ 839,406	(18,076)	(142)	—	821,188

Construction in progress consists primarily of park renovations and street and bridge projects.

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The following is a summary of changes in capital assets – business-type activities for the year ended June 30, 2016. Business-type activities for the City include the Airport, Water Division, and Parking Division.

	Balance June 30, 2015	Additions	Retirements	Transfers	Balance June 30, 2016
Business-type activities:					
Combined:					
Capital assets not being depreciated:					
Land	\$ 775,687	—	(455)	—	775,232
Construction-in-progress	15,808	27,898	(17)	(19,169)	24,520
Intangibles	3,506	—	—	—	3,506
Total capital assets not being depreciated	795,001	27,898	(472)	(19,169)	803,258
Capital assets being depreciated:					
Buildings and structures	760,976	856	(1,174)	7,926	768,584
Equipment	103,194	4,854	(1,663)	183	106,568
Pavings	1,017,671	—	—	9,138	1,026,809
Parking meters and lot equipment	8,225	3,906	(3,902)	—	8,229
Reservoirs	35,172	—	—	—	35,172
Boiler plant equipment	661	—	—	—	661
Pumping equipment	10,923	—	—	254	11,177
Purification basins and equipment	43,753	—	—	—	43,753
Water mains, lines, and accessories	134,462	3,293	(180)	976	138,551
Motor vehicle equipment	9,224	1,478	(719)	688	10,671
Total capital assets being depreciated	2,124,261	14,387	(7,638)	19,165	2,150,175
<i>Less accumulated depreciation for:</i>					
Buildings and structures	422,726	23,792	(1,002)	—	445,516
Equipment	75,925	4,760	(1,662)	—	79,023
Pavings	465,833	31,827	—	—	497,660
Parking meters and lot equipment	6,338	396	(3,635)	—	3,099
Reservoirs	12,629	731	—	—	13,360
Boiler plant equipment	647	3	—	—	650
Pumping equipment	9,416	233	—	—	9,649
Purification basins and equipment	18,397	938	—	—	19,335
Water mains, lines, and accessories	60,318	1,741	(172)	—	61,887
Motor vehicle equipment	5,806	581	(713)	—	5,674
Total accumulated depreciation	1,078,035	65,002	(7,184)	—	1,135,853
Total capital assets being depreciated, net	1,046,226	(50,615)	(454)	19,165	1,014,322
Business-type activities capital assets, net	\$ 1,841,227	(22,717)	(926)	(4)	1,817,580

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.

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Within the statement of activities, depreciation expense is charged to functions of the primary government as follows:

Governmental activities:

General government	\$ 6,172
Convention and tourism	5,665
Parks and recreation	5,534
Judicial	338
Streets	33,018
Public safety:	
Fire	1,997
Police	4,018
Other	701
Health and welfare	309
Public service	408
Total depreciation expense, governmental activities	\$ <u>58,160</u>

Business-type activities:

Airport	\$ 56,568
Water Division	5,729
Parking Division	2,705
Total depreciation expense, business-type activities	\$ <u>65,002</u>

City of St. Louis, Missouri
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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, 2016:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2016</u>
Capital assets not being depreciated:				
Land	\$ 7,376	—	—	7,376
Construction in Progress	369	313	—	682
Total capital assets not being depreciated	<u>7,745</u>	<u>313</u>	<u>—</u>	<u>8,058</u>
Capital assets being depreciated:				
Leasehold improvements	22,755	—	—	22,755
Equipment	713	—	—	713
Parking facilities	17,806	29	—	17,835
Total capital assets being depreciated	<u>41,274</u>	<u>29</u>	<u>—</u>	<u>41,303</u>
Less accumulated depreciation for:				
Leasehold improvements	3,900	600	—	4,500
Equipment	712	—	—	712
Parking facilities	14,111	406	—	14,517
Total accumulated depreciation	<u>18,723</u>	<u>1,006</u>	<u>—</u>	<u>19,729</u>
Total capital assets being depreciated, net	<u>22,551</u>	<u>(977)</u>	<u>—</u>	<u>21,574</u>
SLDC capital assets, net	<u>\$ 30,296</u>	<u>(664)</u>	<u>—</u>	<u>29,632</u>

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 \$101 has been established on these properties.

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9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>Vendors</u>	<u>Contracts and retainage payable</u>	<u>Total</u>
Governmental activities:			
General fund	\$ 4,460	18	4,478
Redevelopment projects fund	60	—	60
Capital projects fund	2,957	630	3,587
Grants fund	8,146	5	8,151
Other governmental funds	2,647	7	2,654
Internal service	237	—	237
Total governmental activities	<u>\$ 18,507</u>	<u>660</u>	<u>19,167</u>
Business-type activities:			
Airport	\$ 8,610	4,975	13,585
Water Division	6,587	—	6,587
Parking Division	426	—	426
Total business-type activities	<u>\$ 15,623</u>	<u>4,975</u>	<u>20,598</u>

10. RETIREMENT PLANS

The City contributes to the following defined benefit retirement plans: The Firemen's System, the Firefighters' 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 Firefighters' 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.

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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, 2015
Firefighters'	September 30, 2015
Police	September 30, 2015
Employees'	September 30, 2015

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 1, 2015 actuarial valuation. The valuation as of October 1, 2015, 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 Firefighters' 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 Firefighters' 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 Firefighters' Plan.
- Grandfathered members with 20 or more years of service as of February 1, 2013, are eligible to retire with unreduced Firefighters' Plan benefits if retirement commences before age 55.

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- Grandfathered members with less than 20 years of service as of February 1, 2013, are eligible to retire with actuarially reduced Firefighters' 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 Firefighters' 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 Firefighters' Plan City contributions were transferred from Firemen's System to Firefighters' Plan in the amount of \$6,883 equal to the Firefighters' 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 (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.

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The Fireman's System membership consisted of the following as of September 30, 2015:

Retirees and beneficiaries currently receiving benefits	967
Current members:	
Vested – DROP	62
Vested – Non-DROP	172
Nonvested	323
Total current members	557
Total membership	1,524

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 as of June 30, 2016 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)	Fiduciary net position (FNP)	Net pension liability (asset)
	(a)	(b)	(a)-(b)
Balances at July 1, 2015	\$ 451,542	494,440	(42,898)
Changes for the year:			
Interest	34,403	—	34,403
Refunds of member contributions	(1,294)	(1,294)	—
Benefit payments	(33,562)	(33,562)	—
Difference between expected and and actual experience	15	—	15
Assumption changes	43,915	—	43,915
Net investment income	—	(10,932)	10,932
Administrative expenses	—	(1,594)	1,594
Net changes	43,477	(47,382)	90,859
Balances at June 30, 2016	\$ 495,019	447,058	47,961

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The Firemen's System net pension liability is recorded within the accompanying financial statements as follows:

Governmental Activities	\$ 43,165
Airport	<u>4,796</u>
	<u>\$ 47,961</u>

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	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	2.75%
Investment rate of return	7.3%, 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. Last updated for the 2010 valuation pursuant to an experience study of the October 1, 2010, through September 30, 2014. 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	RP-2014 mortality table, sex distinct

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, 2015, these best estimates are summarized in the following table:

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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	—	5.00
Real estate	15	4.80
Nondirectional hedge fund of funds	10	2.20
Total	100%	

The discount rate used to measure the total pension liability (asset) was 7.30%. The projection of cash flows used to determine the discount rate assumed that the City 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 and their beneficiaries. 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, 2015 actuarial valuation, a 7.30% discount rate was used. The sensitivity of the net pension liability to changes in the discount rate for the year ended June 30, 2016 for the City is as follows:

	Discount rate	Net pension liability
1% decrease	6.30%	\$ 100,146
Current rate	7.30	47,961
1% increase	8.30	4,342

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.

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4) Pension Expense (FRS)

For the fiscal year ended June 30, 2016, the City recognized pension expense of \$17,071. 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, 2016 is summarized as follows:

Service cost	\$	—
Interest		34,404
Administrative expenses		1,594
Projected earnings on pension plan investments		(37,740)
Recognition of outflow due to assumption changes		11,291
Recognition of outflow due to investment experience		7,518
Recognition of outflow due to liability experience		4
		<u> </u>
Pension expense for year ended June 30, 2016	\$	<u><u>17,071</u></u>

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, 2016, 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	\$ 32,289	—
Difference between expected and actual liability experience	11	—
Change in assumption	<u>32,625</u>	<u>—</u>
Total	<u><u>\$ 64,925</u></u>	<u><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 Firemen's System employees. The following table summarizes the future recognition of these items:

<u>Year ended June 30</u>	<u>Recognition</u>
2017	\$ 18,813
2018	18,813
2019	17,565
2020	9,734
	<u>\$ 64,925</u>

6) Restatement of Fiduciary Net Position Restricted for Pension Benefits (FRS)

The previously stated net position balance has been restated as follows:

Net position, September 30, 2014, as previously reported	\$ 500,915
Restatement for GASB 68 implementation - proportionate share of FRS pension plan employees ERS' net pension liability at September 30, 2014	<u>(149)</u>
Net position, September 30, 2014, as restated	<u>\$ 500,766</u>

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

1) System Description (FRP)

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

The Firefighters' 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 Firefighters' 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 Firefighters' Plan, but benefits attributable to such services are offset by the benefits payable by the Firemen's System. Under the Firefighters' 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 Firefighters' 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

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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 Firefighters' Plan membership consisted of the following as of September 30, 2015:

Retirees and beneficiaries currently receiving benefits	37
Current active members:	
Vested – Non-DROP	387
Vested – participating DROP	61
Nonvested	159
	<hr/>
Total current active members	607
	<hr/>
Total membership	644
	<hr/>

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 Firefighters' 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 Firefighters' Plan made on or after the inception of the Firefighters' 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 Firefighters' 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 Firefighters' Plan in the amount of \$6,883 equal to the Firefighters' 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 Firefighters' Plan as of June 30, 2016 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)	Fiduciary net position (FNP)	Net pension liability (NPL)
	(a)	(b)	(a)-(b)
Balances at July 1, 2015	\$ 52,268	19,859	32,409
Changes for the year:			
Service cost	6,227	—	6,227
Interest	6,146	—	6,146
Difference between expected and actual experience	1,179	—	1,179
Change in benefits	979	—	979
Change in assumptions	22,244	—	22,244
Benefit payments	(263)	(263)	—
Contributions – employer	—	7,436	(7,436)
Contributions – transfer from FRS	—	1,071	(1,071)
Contributions – employee	—	2,829	(2,829)
Net investment income	—	(843)	843
Administrative expenses	—	(313)	313
Net changes	<u>36,512</u>	<u>9,917</u>	<u>26,595</u>
Balances at June 30, 2016	<u>\$ 88,780</u>	<u>29,776</u>	<u>59,004</u>

The Firefighters' Plan net pension liability is recorded within the accompanying financial statements as follows:

Governmental Activities	\$ 53,104
Airport	<u>5,900</u>
	<u>\$ 59,004</u>

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

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 Normal
Remaining amortization period	Started February 1, 2013
Asset valuation method	5 - year smoothed market
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

The long-term expected rate of return on the Firefighters' 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, 2015, these best estimates are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Fixed income	20%	(1.30)%
Domestic equity	50	4.30
International equity	30	4.70
Total	<u>100%</u>	

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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, 2016 for the City is as follows:

	<u>Discount rate</u>	<u>Net pension liability</u>
1% decrease	6.63%	\$ 71,810
Current rate	7.63	59,005
1% increase	8.63	48,376

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued Firefighters' Plan financial report.

4) Pension Expense (FRP)

For the fiscal year ended June 30, 2016, the City recognized pension expense of \$12,047. 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, 2016 is summarized as follows:

Service cost	\$ 6,227
Interest	6,147
Administrative expenses	313
Contributions – employee	(2,829)
Projected earnings on pension plan investments	(1,599)
Benefit changes	979
Recognized portion of current-period liability gains and losses	(523)
Recognized portion of change in assumptions	2,781
Recognized portion of current-period investment gains and losses	551
Pension expense for year ended June 30, 2016	<u>\$ 12,047</u>

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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, 2016, 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	\$ 2,140	—
Differences between expected and actual experience	1,031	4,020
Change in assumptions	19,464	—
Total	<u>\$ 22,635</u>	<u>4,020</u>

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:

Year ended June 30	Recognition
2017	\$ 2,808
2018	2,808
2019	2,808
2020	2,746
2021	2,258
Thereafter	5,187
	<u>\$ 18,615</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.

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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.

The Police System membership consisted of the following as of September 30, 2015:

Retirees and beneficiaries currently receiving benefits	1,903
Current active members:	
Vested – in DROP	165
Vested – not in DROP	202
Total vested	367
Nonvested	875
Total current active members	1,242
Total members	3,145

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, 2016 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, 2014.

	Total pension liability (TPL) (a)	Fiduciary net position (FNP) (b)	Net pension liability (NPL) (a)-(b)
Balances at July 1, 2015	\$ 919,906	728,790	191,116
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
Contributions – employer	—	30,600	(30,600)
Contributions – employee	—	4,488	(4,488)
Net investment income	—	(8,325)	8,325
Benefit payments	(69,533)	(69,533)	—
Administrative expenses	—	(1,125)	1,125
Net changes	24,232	(43,895)	68,127
Balances at June 30, 2016	\$ 944,138	684,895	259,243

The Police System net pension liability is recorded within governmental activities with the accompanying financial statements.

Significant actuarial assumptions used in the valuation of the Police System are as follows:

Date of actuarial valuation	October 1, 2014
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 average of market value
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

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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 September 30, 2015, these best estimates are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Fixed income	19%	(0.35)%
Domestic equity	30	4.25
Foreign equity	26	4.75
Non-directional hedge fund of funds	5	2.10
Real estate (REIT)	8	4.05
Private equity (partnerships)	8	9.90
Money market	4	—
Total	100%	

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 7.90% and expects assets will be sufficient to cover PNP until 2056. The muni-bond rate used in the valuation was 3.71% 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 7.29% 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, 2016 for the City is as follows:

	Discount rate	Net pension liability
1% decrease	6.29%	\$ 354,437
Current rate	7.29	259,243
1% increase	8.29	179,362

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, 2016, the City recognized pension expense of \$41,199. 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, 2016 is summarized as follows:

Service cost	\$	12,978
Interest		66,579
Administrative expenses		1,125
Contributions – employee		(4,488)
Projected earnings on pension plan investments		(56,196)
Recognized portion of change in assumptions		7,633
Recognized portion of current-period liability gains and losses		(680)
Recognized portion of current-period difference between projected and actual earnings on pension plan investments		14,248
Pension expense for year ended June 30, 2016	\$	<u>41,199</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, 2016, 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
Difference between expected and actual liability experience	\$ —	1,361
Net difference between projected and actual earnings on pension plan investments	55,650	—
Change in assumptions	13,049	—
Total	\$ <u>68,699</u>	<u>1,361</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>
2017	\$ 21,201
2018	18,984
2019	14,249
2020	12,904
	<u>\$ 67,338</u>

6) Restatement of Fiduciary Net Position Restricted for Pension Benefits (PRS)

The previously stated net position balance has been restated as follows:

Net position, September 30, 2014, as previously reported	\$ 729,065
Restatement for GASB 68 implementation - proportionate share of PRS pension plan employees ERS' net pension liability at September 30, 2014	<u>(275)</u>
Net position, September 30, 2014, as restated	<u>\$ 728,790</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

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to the changes in the Consumer Price Index of the U.S. Department of Labor. Increases are limited each year, with total increases to retirees or their beneficiaries limited to 25%.

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

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 13.93% effective July 1, 2015 and 15.17% of active member payroll effective July 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.

The City's contributions to Employees System for the year ended June 30, 2016 were \$27,645.

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3) Net Pension Liability (ERS)

The City reported a liability of \$189,264 for its proportionate share of the net pension liability as of June 30, 2016. The Employees' System's net pension liability is recorded within the accompanying financial statements as follows:

Governmental Activities	\$	152,280
Airport		20,189
Water Division		13,273
Parking Division		3,522
	\$	<u>189,264</u>

The net pension liability 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 Employee's System relative to the contributions of all Employees' System participating employers. At September 30, 2015, the City's collective proportion was 83.5% percent, which was a decrease of 0.4% from its proportion measured as of September 30, 2014.

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

Date of actuarial valuation	October 1, 2015
Actuarial cost method	Entry age normal
Amortization method	Layered 20-year amortization of unfunded liability
Remaining amortization period	20 years
Asset valuation method	5-year smoothed market
Inflation	3.125%
Discount rate	7.50%
Projected salary increases	varies by age, ranging from 3.00% to 4.25%
Mortality	1994 Group Annuity Mortality Table

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.

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For each major asset class that is included in the pension plan's target asset allocation as of September 30, 2015, these best estimates are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Private equity	5.00%	8.25%
Real estate	10.00	5.00
Hedge funds	10.00	4.50
Master limited partnerships	7.50	6.00
International equity	21.50	6.84
Domestic equity	21.00	5.05
Fixed income	25.00	2.25
Total	100.00%	

The discount rate used to measure the total pension liability was 7.50%. 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, 2015 actuarial valuation, a 7.50% discount rate was used. The sensitivity of the net pension liability to changes in the discount rate for the year ended June 30, 2016 for the City is as follows:

	Discount rate	Net pension liability
1% decrease	6.50%	\$ 269,968
Current rate	7.50	189,264
1% increase	8.50	120,265

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, 2016, the City recognized pension expense of \$30,682. 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, 2016, 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	\$ —	3,033
Net difference between projected and actual earnings on pension plan investments	54,649	—
Changes in proportion	376	1,464
Changes in assumptions	—	2,843
Contributions subsequent to the measurement date	20,009	—
Total	<u>\$ 75,034</u>	<u>7,340</u>

The \$20,009 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, 2017.

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:

<u>Year ended June 30</u>	<u>Recognition</u>
2017	\$ 9,730
2018	9,730
2019	13,215
2020	15,010
	<u>\$ 47,685</u>

e. Component Unit—SLDC

The SLDC Employees Retirement Plan and Trust (SLDC plan) became effective January 1, 1989. Required year-ended June 30, 2016 contributions of \$276, which amount to 9% of current covered payroll, were made by SLDC. For the year ended June 30, 2016, SLDC's current covered payroll was

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\$3,064 and total payroll amounted to \$3,536. Employees are not required to contribute to the SLDC Plan; however, they can contribute up to 5-1/2% of their monthly compensation if they so elect. In order 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, 2015, the date of the latest actuarial valuation, plan membership consisted of the following:

Retirees and beneficiaries receiving benefits	1,564
Terminated plan members entitled to, but not yet receiving benefits	103
Active members	<u>1,579</u>
Total plan members	<u><u>3,246</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, 2016, the City contributed \$11,201, 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	\$ 42,890
Interest on net OPEB obligation	5,332
Adjustment to annual required contribution	<u>(9,068)</u>
Annual OPEB cost	39,154
Contribution made	<u>11,201</u>
Increase in net OPEB obligation	27,953
Net OPEB obligation, beginning of year	<u>177,727</u>
Net OPEB obligation, end of year	<u><u>\$ 205,680</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>
2016	\$ 39,154	29.00 %	\$ 205,680
2015	40,133	28.00	177,727
2014	39,132	27.40	148,744

Funding Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the plan was 0% funded. The July 1, 2015 actuarial valuation stated the actuarial accrual liability for benefits was \$501,968, and the actuarial value of assets was \$0. The covered payroll (annual payroll of active employees covered by the plan) was \$89,182, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 562.9%.

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, 2015 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 7.4% for Pre-Medicare and 8.7% for Post Medicare initially, reduced by decrements to an ultimate rate of 4.5% for Pre- Medicare and 4.9% 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, 2016:

	Primary government June 30, 2015	Additions	Reductions	Balance June 30, 2016	Due within one year
Governmental activities:					
General obligation bonds payable	\$ 23,010	16,795	(23,010)	16,795	3,100
Section 108 Loan Guarantee					
Assistance Programs	31,370	—	(4,460)	26,910	4,750
Development and Tax increment					
financing bonds and notes payable	340,342	49,757	(8,868)	381,231	20,423
Loan agreement with MTFC	1,555	—	(502)	1,053	523
Capital lease – rolling stock	19,731	—	(4,543)	15,188	4,205
Certificates of participation	5,195	—	(705)	4,490	675
Obligations with component unit	51,426	—	(7,223)	44,203	6,583
Loan agreement with FPF	5,185	5,000	(2,190)	7,995	156
Leasehold revenue improvement and					
refunding revenue bonds	435,005	49,441	(45,514)	438,932	19,665
Joint venture financing agreement	33,434	—	(4,589)	28,845	4,777
Unamortized discounts	(3,523)	—	399	(3,124)	—
Unamortized premiums	10,441	5,434	(1,928)	13,947	—
Net pension liability	324,741	183,051	—	507,792	—
Net OPEB obligation	177,727	39,154	(11,201)	205,680	12,007
Accrued vacation					
and sick leave	50,303	26,510	(26,062)	50,751	23,351
Claims and judgments payable	50,279	30,650	(29,778)	51,151	26,472
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental activities					
long-term liabilities	\$ <u>1,556,221</u>	<u>405,792</u>	<u>(170,174)</u>	<u>1,791,839</u>	<u>126,687</u>

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.

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	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
Business-type activities:					
Airport:					
Revenue bonds payable	\$ 726,010	—	(39,785)	686,225	38,400
Net pension liability	17,247	13,638	—	30,885	—
Pension funding project	5,054	—	(109)	4,945	117
Other	396	—	(21)	375	—
Accrued vacation, compensatory, and sick time benefits	5,573	3,369	(3,526)	5,416	3,368
Unamortized discounts and premiums	31,660	—	(4,213)	27,447	—
Unearned lease revenues	5,190	—	(281)	4,909	—
Total airport	791,130	17,007	(47,935)	760,202	41,885
Water Division:					
Revenue bonds payable	2,288	3,234	(404)	5,118	412
Customer deposits	2,533	2,114	(2,168)	2,479	—
Net pension liability	9,007	4,266	—	13,273	—
Pension funding project	2,934	—	(69)	2,865	—
Accrued vacation and sick time benefits	3,439	148	(191)	3,396	1,906
Total water division	20,201	9,762	(2,832)	27,131	2,318
Parking Division:					
Revenue bonds payable	73,488	36,410	(42,785)	67,113	3,201
Net pension liability	1,968	1,554	—	3,522	—
Pension funding project	815	—	(18)	797	—
Other	191	—	(14)	177	—
Unamortized discounts and premiums, net	265	3,013	(290)	2,988	—
Total parking division	76,727	40,977	(43,107)	74,597	3,201
Business-type activities long-term liabilities	\$ 888,058	67,746	(93,874)	861,930	47,404
Less amounts recorded in:					
Accrued salaries and other benefits				(5,274)	(5,274)
Accounts payable and accrued liabilities				(117)	(117)
				\$ 856,539	42,013

b. General Obligation Bonds

On March 10, 2016, the City issued \$16,795 in General Obligation Refunding Bonds, Series 2016, with an average interest rate of 3.40% to refund \$12,130 in outstanding Series 2005 and \$7,220 in 2006 General Obligation Bonds with an average interest rate of 4.45% and 4.1%, respectively. A deposit of \$19,447 (after the addition of a \$1,175 premium and less a payment of \$206 in issuance costs and a \$157 discount, including \$1,826 of City funds), were placed with the Escrow Agent to be applied to the redemption of the Series 2005 and 2006 bonds. The current and advanced refunding decreased the total debt service payment by \$3,489 and resulted in an economic gain (difference between present value of

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old and new debt service payments) of \$3,384. As a result, the Series 2005 and Series 2006 General Obligation Bonds are considered defeased, and the liability removed from the financial statements.

Principal and interest requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2017	\$ 3,100	459	3,559
2018	3,150	432	3,582
2019	3,230	369	3,599
2020	915	272	1,187
2021	960	226	1,186
2022 – 2026	5,440	642	6,082
	<u>\$ 16,795</u>	<u>2,400</u>	<u>19,195</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:			
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>\$ 26,910</u>	<u>1,459</u>	<u>28,369</u>

d. Development and Tax Increment Financing Bond and Notes Payable

The City issued a total of \$49,757 in TIF bonds and notes payable during fiscal year 2016.

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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:			
2017	\$ 20,618	25,446	46,064
2018	18,986	24,139	43,125
2019	20,194	23,018	43,212
2020	21,498	21,739	43,237
2021	22,890	20,374	43,264
2022 – 2026	128,701	78,828	207,529
2027 – 2031	93,342	39,916	133,258
2032 – 2036	41,231	18,331	59,562
2037 – 2041	8,356	3,612	11,968
2042 – 2045	5,415	1,125	6,540
	<u>\$ 381,231</u>	<u>256,528</u>	<u>637,759</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:			
2017	\$ 523	44	567
2018	530	22	552
	<u>\$ 1,053</u>	<u>66</u>	<u>1,119</u>

f. Capital Lease—Rolling Stock

The following is a schedule of future minimum lease payments as of June 30, 2016.

Year ending June 30:		
2017	\$	4,572
2018		4,572
2019		4,104
2020		2,750
Total future minimum lease payments		<u>15,998</u>
Amount representing interest		<u>(810)</u>
Present value of net minimum lease payments	\$	<u>15,188</u>

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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.

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, 2016.

Year ending June 30:		
2017	\$	803
2018		821
2019		821
2020		816
2021		818
2022		818
		<hr/>
Total future minimum obligation payments		4,897
Amount representing interest		<hr/> (407)
Present value of net minimum obligation payments	\$	<hr/> <hr/> 4,490

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.

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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, 2016.

Year ending June 30:		
2017	\$	15,295
2018		15,295
2019		15,295
2020		15,295
2021		15,295
		15,295
Total future minimum obligation payments		76,475
Amount representing interest		(48,047)
Present value of net minimum obligation payments	\$	28,428

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, 2016.

Year ending June 30:		
2017	\$	969
2018		855
2019		852
2020		850
2021		1,064
2022 – 2026		5,780
2027 – 2031		6,664
2032 – 2036		7,659
2037 – 2040		5,448
		30,141
Total future minimum obligation payments		30,141
Amount representing interest		(14,366)
Present value of net minimum obligation payments	\$	15,775

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i. Loan agreement with Forest Park Forever

During fiscal year 2016, the SLMFC issued \$5,000 in additional Forest Park Taxable Subordinate Leasehold Revenue Bonds.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2017	\$ 156	365	521
2018	163	358	521
2019	171	351	522
2020	178	343	521
2021	187	335	522
2022 – 2026	1,069	1,538	2,607
2027 – 2031	1,336	1,271	2,607
2032 – 2036	1,671	936	2,607
2037 – 2041	2,089	518	2,607
2042 – 2043	975	67	1,042
	<u>\$ 7,995</u>	<u>6,082</u>	<u>14,077</u>

14. LEASEHOLD REVENUE IMPROVEMENT AND REFUNDING REVENUE BONDS

a. Pension Funding Project 2007

The long-term liability for 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, 2016:

Governmental activities	\$ 116,994
Business-type activities	<u>8,676</u>
	<u>\$ 125,670</u>

b. Carnahan Courthouse and 1520 Market Street Bonds

On September 1, 2015, The SLMFC issued 1520 Market St. Leasehold Refunding Revenue Bonds Series 2015A in the amount of \$7,000 to refund the Abram Building Leasehold Revenue Bonds, Series 2007 and the 1520 Market St. Leasehold Revenue Bonds Series 2011 A&B with an interest rate of 2.9%. The net proceeds as well as \$554 from the City were used to redeem the outstanding \$7,196 bonds. The

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current and advanced refunding increased the total debt service payments by \$774 and resulted in an economic gain of \$1,888.

The SLMFC also issued 1520 Market St. Taxable Leasehold Revenue Bonds, Series 2015B in the amount not to exceed \$13,000 with an interest rate of 4.25%. The proceeds of this issue will be loaned to the LCRA for the purpose of completing NGA preparation work. A line of credit enables LCRA to draw the money from the bank as needed. As of June 30, 2016, \$9,726 was drawn.

On May 4, 2016, the SLMFC issued \$16,865 Carnahan Courthouse Leasehold Revenue Refunding Bonds Series 2016A Bonds with an average interest rate of 4.83% to refund the outstanding Carnahan Courthouse Leasehold Revenue Refunding Bonds, Series 2006A, currently outstanding in the principal amount of \$19,360. The current and advanced refunding decrease the total debt service payment by \$2,135 and result in an economic gain (difference between present value of old and new debt service payments) of \$1,887. As a result, the Carnahan Courthouse Leasehold Revenue Refunding Bonds, Series 2006A are considered defeased, and the liability removed from the financial statements.

At the same time, the SLMFC also issued \$3,635 Taxable Qualified Energy Conservation Leasehold Revenue Bonds-Direct pay (Energy Efficiency Program). Series 2016B Bonds at an average interest rate of 4.072% to be used to (i) finance a public building energy conservation project consisting of improvements to the heating, ventilating and air conditioning (“HVAC”) systems of the Carnahan Courthouse, and energy efficiency improvements to other qualifying public buildings of the City (ii) fund loans, grants or other energy efficiency improvements through the City’s Energy Efficiency Program which qualify for financing with “Qualified Energy Conservation Bonds” (QEBC), as well as \$405 Taxable Leasehold Revenue Bonds (Energy Efficiency Program), Series 2016C Bonds at an average interest rate of 1.944% will be used to (i) finance additional program and financing costs relating to the City’s Energy Efficiency Program, (ii) fund capitalized interest on the Series 2016B Bonds, and (iii) pay certain costs of issuance of the Series 2016B Bonds and Series 2016C Bonds.

c. Refuse and Municipal Garage

On June 22, 2016, the SLMFC issued Refuse Facility and Municipal Garage Project Leasehold Revenue Bonds Series 2016A in the amount of \$5,975 with an average interest rate of 5.0% and Refuse Facility Project Taxable Leasehold Revenue Bonds, Series 2016B in the amount of \$5,835 with an average interest rate of 2.22%.

A portion of the proceeds of the Series 2016A Bonds will be used for costs associated with the acquisition of certain real property located at 1214-18 Central Industrial Drive in the City, and the improvements located thereon and the construction, renovation, improvement, equipping, and furnishing of a refuse and vehicle maintenance facility located on the Real Property. In addition, it will fund costs associated with the repair, construction, renovation, improvement, and equipping of a municipal garage located at 1122 Clark Avenue in the City. A portion of the proceeds of the Series 2016B Bonds will be used for the costs associated with the Refuse Facility Project. The City’s acquisition of the Real Property is authorized by Ordinance No. 70280.

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d. 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:				
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	605	1,002	150	2,230
2022 – 2026	3,430	4,598	40,752	47,622
2027 – 2031	4,200	3,833	35,013	53,367
2032 – 2036	5,130	2,899	19,314	69,235
2037 – 2041	6,490	1,539	28,678	26,914
2042 – 2043	3,030	183	—	—
	<u>\$ 25,060</u>	<u>18,299</u>	<u>\$ 124,472</u>	<u>208,332</u>

	Justice Center		Forest Park	
	Principal	Interest	Principal	Interest
Year ending June 30:				
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	—	—	1,205	86
2022	—	—	1,270	25
	<u>\$ 24,825</u>	<u>2,122</u>	<u>\$ 6,810</u>	<u>952</u>

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	Carnahan Courthouse/QEBC		1520 Market Street/ NGA	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2017	\$ 65	757	\$ 700	596
2018	970	936	770	588
2019	1,540	909	795	564
2020	1,595	849	820	540
2021	1,540	788	845	513
2022 – 2026	8,850	2,788	4,655	2,149
2027 – 2031	6,345	876	5,640	1,159
2032 – 2033	—	—	2,171	105
	<u>\$ 20,905</u>	<u>7,903</u>	<u>\$ 16,396</u>	<u>6,214</u>

	Recreation sales tax		Police Capital Improvement sales tax	
	Principal	Interest	Principal	Interest
Year ending June 30:				
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	1,460	1,806	810	899
2022 – 2026	8,415	7,915	4,635	3,908
2027 – 2031	10,580	5,753	5,760	2,785
2032 – 2036	13,480	2,865	7,180	1,367
2037	3,110	156	1,635	74
	<u>\$ 42,225</u>	<u>26,311</u>	<u>\$ 21,510</u>	<u>12,780</u>

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	Public safety sales tax Pension funding project 2008		Juvenile detention center	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2017	\$ 2,045	380	\$ 610	938
2018	2,165	261	635	914
2019	2,290	134	660	888
2020	—	—	685	862
2021	—	—	710	834
2022 – 2026	—	—	4,025	3,709
2027 – 2031	—	—	4,990	2,743
2032 – 2036	—	—	6,215	1,515
2037 – 2038	—	—	2,895	197
	<u>\$ 6,500</u>	<u>775</u>	<u>\$ 21,425</u>	<u>12,600</u>

	Pension funding project		Refuse and Municipal Garage	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2017	\$ 2,970	8,169	\$ 1,125	335
2018	3,160	7,976	1,060	399
2019	3,365	7,770	1,080	379
2020	3,585	7,551	1,100	359
2021	3,820	7,318	1,125	335
2022 – 2026	23,145	32,531	6,320	970
2027 – 2031	31,715	23,965	—	—
2032 – 2036	43,455	12,227	—	—
2037	10,455	679	—	—
	<u>\$ 125,670</u>	<u>108,186</u>	<u>\$ 11,810</u>	<u>2,777</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

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appropriations) to make rental payments of \$2,500 and preservation payments of \$500 regardless of the principal and interest payments due.

At June 30, 2016, 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:

	<u>Principal</u>	<u>Interest</u>	<u>Preservation payments</u>	<u>Total</u>
Year ending June 30:				
2017	\$ 3,670	1,224	1,107	6,001
2018	3,865	1,025	1,110	6,000
2019	4,070	817	1,113	6,000
2020	4,280	597	1,122	5,999
2021	4,505	367	1,128	6,000
2022	4,740	125	(1,865)	3,000
	<u>\$ 25,130</u>	<u>4,155</u>	<u>3,715</u>	<u>33,000</u>

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, 2016:

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2016</u>	<u>Within One Year</u>
Due to other governmental agencies	\$ 4,726	980	(850)	4,856	968
Notes payable	20,224	338	(482)	20,080	2,344
Bank line of credit	2,435	14,744	(103)	17,076	—
Other liabilities	9,185	3,011	(3,617)	8,579	1,825
	<u>\$ 36,570</u>	<u>19,073</u>	<u>(5,052)</u>	<u>50,591</u>	<u>5,137</u>

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Maturities on notes payable and bank line of credit are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2017	\$ 2,345	1,491	3,836
2018	649	1,382	2,031
2019	2,816	1,358	4,174
2020	13,655	964	14,619
2021	229	750	979
2022 – 2035	17,462	7,032	24,494
	<u>\$ 37,156</u>	<u>12,977</u>	<u>50,133</u>

17. REVENUE BONDS PAYABLE

a. Airport

Bonds outstanding at June 30, 2016 are summarized as follows:

Bond Series 2005, interest rate ranging from 5.00% to 5.50%, payable in varying amounts through 2032	\$ 228,645
Bond Series 2007A, interest rate ranging from 4.25% to 5.25%, payable in varying amounts through 2033	189,780
Bond Series 2007B, interest rate of 5.00%, payable in varying amounts through 2028	98,475
Bond Series 2009A, interest rate ranging from 5.125% to 6.625%, payable in varying amounts through 2035	107,240
Bond Series 2012, interest rate ranging from 3.00% to 5.00%, payable in varying amounts through 2033	25,095
Bond Series 2013, interest rate ranging from 2.00% to 5.00%, payable in varying amounts through 2019	19,680
Bond Series 2015, interest rate of 5.00%, payable in varying amounts through 2024	17,310
	<u>686,225</u>
Less:	
Current maturities	(38,400)
Unamortized discounts and premiums	27,447
	<u>(10,953)</u>
	<u>\$ 675,272</u>

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

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As of June 30, 2016, 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:			
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	37,935	27,261	65,196
2022 – 2026	201,260	105,874	307,134
2027 – 2031	210,525	51,165	261,690
2032 – 2036	78,895	6,207	85,102
	<u>\$ 686,225</u>	<u>319,904</u>	<u>1,006,129</u>

b. Water Division

Water revenue bonds outstanding at June 30, 2016 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	\$ 5,118
Less:	
Current maturities	<u>(412)</u>
	<u>\$ 4,706</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, 2016, the Water Division has drawn down a total of \$5,721 of the loan.

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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:			
2017	\$ 412	80	492
2018	422	73	495
2019	430	67	497
2020	439	60	499
2021	448	53	501
2022 - 2026	2,385	158	2,543
2027 - 2028	582	10	592
	<u>\$ 5,118</u>	<u>501</u>	<u>5,619</u>

Principle and interest payments are due semiannually on January 1 and July 1.

c. Parking Division

Revenue bonds outstanding at June 30, 2016 are as follows:

SLPCFC Series 2003A tax-exempt revenue bonds, interest rates variable, not to exceed 12%, payable in varying amounts through 2024	\$ 2,275
SLPCFC Series 2003B taxable revenue bonds interest rates variable, not to exceed 5%, payable in varying amounts through 2038	5,826
Series 2006A revenue bonds interest ranging from 3.75% to 5.00% payable in varying amounts through 2032	13,780
Series 2007B revenue bonds, interest rates variable, not to exceed 6.00%, payable in varying amounts through 2018	1,215
Series 2013A subordinated parking revenue bond interest rates variable, not to exceed 2.30%, payable in varying amounts through 2022	1,167
Series 2015A subordinated parking revenue bond interest rates variable, not to exceed 3.50%, payable in varying amounts through 2031	6,440
Series 2015B subordinated parking revenue bond interest rates variable, not to exceed 5.00%, payable in varying amounts through 2033	36,410
	<u>67,113</u>
Less:	
Current portion of revenue bonds payable	(3,201)
Unamortized discount and premium	2,988
	<u>\$ 66,900</u>

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Debt service requirements of the revenue bonds at June 30, 2016 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2017	\$ 3,201	2,756	5,957
2018	3,166	2,632	5,798
2019	3,299	2,492	5,791
2020	3,442	2,344	5,786
2021	3,599	2,190	5,789
2022 – 2026	18,965	8,438	27,403
2027 – 2031	22,908	4,028	26,936
2032 – 2036	7,693	667	8,360
2037 – 2038	840	62	902
	<u>\$ 67,113</u>	<u>25,609</u>	<u>92,722</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, 2016, the total principal and interest remaining to be paid on the debt is \$19,195. Principal and interest paid was \$4,724 for the year ended June 30, 2016, as well as \$1,826 contributed to defease principal and interest of the Series 2016 refinancing. The pledged net revenue recognized for the year ended June 30, 2016 was \$6,635. During fiscal year 2016, 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

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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, 2016, the total principal and interest remaining is \$688,701. Principal and interest paid was \$32,205 for the year ended June 30, 2016. The pledged net revenue recognized for the year ended June 30, 2016 was \$29,413. During fiscal year 2016, 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 Carnahan Courthouse Leasehold Revenue Refunding Bond Series, with purposes of financing renovations at 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, 2016, the total principal and interest remaining on these financings is \$22,534. Principal and interest paid was \$2,183 for the year ended June 30, 2016. The pledged net revenue recognized for the year ended June 30, 2016 was \$1,213. During fiscal year 2016, 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, 2016, total principal and interest remaining on the debt is \$26,947. Principal and interest paid was \$10,617 for the year ended June 30, 2016. The pledged net revenue recognized for the year ended June 30, 2016 was \$6,977. During fiscal year 2016, 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, 2016, total principal and interest remaining on the debt is \$21,839. Principal and interest paid was \$3,719 for the year ended June 30, 2016. The pledged net revenue recognized for the year ended June 30, 2016 was \$3,533. During fiscal year 2016, 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, 2016, total principal and interest remaining on the debt is \$68,537. Principal and interest paid was \$3,239 for the year ended June 30, 2016. The pledged net revenue recognized for the year ended June 30, 2016 was

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\$4,855. During fiscal year 2016, the proportion of pledged revenues needed to revenues collected was 66.3%.

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, 2016, total principal and interest remaining on the debt is \$34,290. Principal and interest paid was \$1,310 for the year ended June 30, 2016. The pledged net revenue recognized for the year ended June 30, 2016 was \$1,831. During fiscal year 2016, the proportion of pledged revenues needed to revenues collected was 71.5%.

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, 2016, total principal and interest remaining on the debt is \$43,358. Principal and interest paid was \$1,604 for the year ended June 30, 2016. The pledged net revenue recognized for the year ended June 30, 2015 was \$3,091. During fiscal year 2016, 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, as well as any refinancing there after 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, 2016, total principal and interest outstanding on this portion of the debt is \$4,653. The pledged net revenue recognized for the year ended June 30, 2016 related to the collection of PILOTs and EATs was \$1,664. During fiscal year 2016, 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 as well as any refinancing of the bonds hereafter 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, 2016, total principal and interest outstanding on this portion of the debt is \$5,785. The pledged net revenue recognized for the year ended June 30, 2016 related to the collection of PILOTs and EATs was \$321. During fiscal year 2016, the proportion of pledged revenues needed to revenues collected was 100%.

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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, 2016, total principal and interest remaining on the debt is \$40,034. During fiscal year 2016, revenue from the police parking ticket revenues totaled \$636. During fiscal year 2016, 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 \$686,225 in various long-term debt issuances, as outlined in note 6. The general purpose of the various long-term debt issuances is for land acquisition and construction of the capital assets at the Airport. The bonds are payable from Airport net revenues and are payable through July 2034. Annual principal and interest payments on the bonds are expected to require less than 80% of estimated Airport net revenues. As of June 30, 2016, the total principal and interest remaining to be paid on the bonds is \$1,006,129. Principal and interest paid was \$76,902 for the year ended June 30, 2016. The pledged net revenue recognized for the year ended June 30, 2016 was \$93,291.

Water Division

The Water Division has pledged specific revenue streams to secure the repayment of Series 2013 Bonds. As of June 30, 2016, the remaining principal and interest requirement is \$5,619 payable through January 2028 (fiscal year 2028). Principal and interest paid for the Series 2013 Bonds was \$437. The proportion of pledged revenue to revenue collected is estimated at 0.8% at June 30, 2016. The pledged net revenue recognized for the year ended June 30, 2016 was \$56,538.

Parking Division

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, 2015A and 2015B. The general purpose of the bonds is to build parking facilities in the City. As of June 30, 2016 the remaining principal and interest requirement is \$80,068 payable through fiscal year 2038. Principal and interest paid for the Series 2006, 2007, 2013A, 2015A and 2015B Parking Revenue Bonds was \$5,005 for the year ended June 30, 2016. The pledged net revenue recognized for the year ended June 30, 2016 was \$10,352.

19. SHORT-TERM DEBT

a. City

The City issued \$60,000 of general fund Tax and Revenue Anticipation notes dated July 7, 2015 and redeemed June 1, 2016. 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.

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Short-term debt activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Issued	Redeemed	Balance June 30, 2016
Tax and revenue anticipation notes	\$ —	60,000	(60,000)	—
	<u>\$ —</u>	<u>60,000</u>	<u>(60,000)</u>	<u>—</u>

20. OPERATING LEASES

- a. At June 30, 2016, 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:	
2017	\$ 983
2018	784
2019	425
2020	190
2021	90
2022 – 2026	250
2027 – 2031	117
	<u>\$ 2,839</u>

Rental and lease expenditures for the fiscal year 2016 totaled \$5,334.

- 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 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

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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 2016, revenues from signatory air carriers accounted for 50.4% 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, 2016:

	<u>Signatory</u>	<u>Non- signatory</u>	<u>Total</u>
Airfield	\$ 47,317	13,973	61,290
Terminal and concourses	20,926	781	21,707
Hangars and other buildings	508	668	1,176
Cargo buildings	127	266	393
	<u>\$ 68,878</u>	<u>15,688</u>	<u>84,566</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:	
2017	\$ 24,323
2018	23,917
2019	22,816
2020	16,924
2021	9,815
2022 – 2026	20,338
2027 – 2031	11,391
2032 – 2036	5,080
2037 – 2040	28
Total minimum future rentals	<u>\$ 134,632</u>

The above amounts do not include contingent rentals that may be received under certain leases. Such contingent rentals amounted to \$4,001 for the year ended June 30, 2016.

Unearned lease revenues included in Airport other long-term liabilities in the amount of \$4,909 as of June 30, 2016 represent the upfront 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 April 2019. Expenses for operating leases and service agreements were \$62 for the year ended June 30, 2016. Future minimum payments are as follows:

Year ending June 30:	
2017	\$ 34
2018	19
2019	13
2020	8
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, 2016 are as follows:

Year ending June 30:	
2017	\$ 335
2018	336
2019	335
2020	336
2021	335
	<u>\$ 1,677</u>

Additionally, at June 30, 2016, 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.

SLDC entered into an agreement with the City to facilitate the acquisition and development of property for future use. As of June 30, 2016 SLDC has incurred debt of \$14,744 and capitalized \$16,307 of land and site improvements recorded as property held for development related to this project.

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21. INTERFUND BALANCES

Individual fund interfund receivable and payable balances as of June 30, 2016 are as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Special revenue—Grants fund	\$ 2,992
	Other governmental nonmajor funds	54
	Enterprise:	
	Airport	1,860
	Water Division	1,303
	Parking Division	1,045
		<u>7,254</u>
Redevelopment projects fund	General fund	4,138
	Capital projects fund	534
	Other governmental nonmajor funds	1,363
		<u>6,035</u>
Internal service funds	General fund	782
	Other governmental nonmajor funds	2
	Special revenue—Grants fund	1
	Enterprise:	
	Airport	2,826
	Water Division	2,850
	Parking Division	224
		<u>6,685</u>
		<u>\$ 19,974</u>

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, 2017.

Advances to/from other funds as of June 30, 2016 are as follows:

<u>Advance from</u>	<u>Advance to</u>	<u>Amount</u>
General fund	Internal service fund	\$ 37,914

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22. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2016 consisted of the following:

		Transfer To				
		General Fund	Capital Projects Fund	Other Governmental Funds	Parking Division	Total
Transfer From	General fund	\$ —	13,587	2,050	—	15,637
	Redevelopment projects fund	283	—	2	1,003	1,288
	Capital Projects fund	50	—	—	—	50
	Other Governmental funds	26,413	11,843	516	—	38,772
	Grants fund	—	—	27	—	27
	Parking Division	960	—	309	—	1,269
	Airport	6,415	—	—	—	6,415
	Water Division	3,276	—	—	—	3,276
		\$ 37,397	25,430	2,904	1,003	66,734

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, 2016, 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.

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

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

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, \$3,862 is included in the self-insurance claim liability of \$51,151 and \$1,276 is included as the estimate of reasonably possible within the \$5,927.

b. Commitments

At June 30, 2016, the City had outstanding commitments amounting to approximately \$10,729, resulting primarily from service agreements.

Additionally, at June 30, 2016, the Airport had outstanding commitments amounting to approximately \$17,134 resulting primarily from contracts for construction projects. In addition, the Airport has \$36,648 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. As of June 30, 2016 encumbrances of \$2,866 were reported in the general fund, \$30 in redevelopment projects fund, \$20,381 in the capital projects services fund and \$4,676 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 10% of the Airport's total operating revenues and 20% of total revenues from signatory air carriers for the fiscal year ended June 30, 2016. Accounts receivable at June 30, 2016 contained \$713 relating to amounts owed to the Airport by American. This amount includes \$573 of unbilled aviation revenues at June 30, 2016.

Southwest provided 26% of the Airport's total operating revenues and 51% of total revenues from signatory air carriers for the fiscal year ended June 30, 2016. Accounts receivable at June 30, 2016 contained \$516 relating to amounts owed to the Airport by Southwest. This amount includes \$1,158 of unbilled aviation revenues at June 30, 2016.

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.

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f. Parking Capital Commitments

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. In fiscal year 2015, the Parking Division won the summary judgment on all claims without going to trial. This summary judgment became final in fiscal year 2016.

g. Component Unit—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 \$3,034 during the year ended June 30, 2016.

SLDC has received eight 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 and a Round 13, \$75,000 allocation awarded in 2016 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.

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 \$14,000 available; however two transactions totaling \$9,000 are currently in underwriting and expected to close within the next 2 months. The recently awarded Round 13 allocation will not be available to allocate until February 2017 and will be incumbent on SLDC and CDFI Fund entering into an allocation agreement.

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, 2016.

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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 \$51,151 at June 30, 2016, relating to these matters is recorded in the self-insurance internal service fund—PFPC. Of total workers' compensation liability, \$3,854 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 \$463 for the year ended June 30, 2016. 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 \$1,397 at June 30, 2016 relating to such matters is recorded in the self-insurance internal service fund—health.

Additionally, as of June 30, 2016, 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 \$216.

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, 2016 and, for the years ended June 30, 2016 and 2015 settlements did not exceed coverage.

Changes in the self-insurance claims liability for the years ended June 30, 2016 and 2015 are as follows:

	Beginning balance	Current year claims and changes in estimates	Claim payments	Ending balance
2016	\$ 50,279	30,650	(29,778)	51,151
2015	45,825	31,797	(27,343)	50,279

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Additionally, there is an estimate of general liability claims outstanding of \$5,927 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
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27. FUND BALANCE

The following table displays the breakdown of fund balance by purpose in accordance with GASB Statement No. 54:

	General fund	Redevelopment projects fund	Capital projects fund	Grant funds	Other governmental fund	Total
Nonspendable:						
Health and welfare	\$ —	—	—	—	10	10
Parks and recreation	—	—	—	—	1	1
Public safety	2,014	—	—	—	—	2,014
Other	1,754	—	—	—	—	1,754
Total	3,768	—	—	—	11	3,779
Restricted:						
Redevelopment	—	13,598	—	—	—	13,598
Streets and bridges	—	—	6,121	—	44	6,165
Public safety	—	—	568	830	135	1,533
Parks and recreation	—	—	23,501	—	2,197	25,698
Convention and tourism	—	—	2,791	—	—	2,791
Transportation	—	—	—	—	5,649	5,649
Debt service	13,532	18,381	5,127	—	8,873	45,913
Other	—	—	4,574	—	842	5,416
Total	13,532	31,979	42,682	830	17,740	106,763
Committed:						
Health and welfare	—	—	—	—	13,240	13,240
Streets and bridges	—	—	4,829	—	1,513	6,342
Public safety	—	—	504	—	7,435	7,939
Parks and recreation	—	—	11,115	—	1,884	12,999
Convention and tourism	—	—	—	—	3,192	3,192
Payroll reserve	10,136	—	—	—	—	10,136
Capital improvement	—	—	22,502	—	4,203	26,705
Total	10,136	—	38,950	—	31,467	80,553
Assigned:						
Redevelopment	—	3,161	—	—	—	3,161
Health and welfare	—	—	—	—	6	6
Streets and bridges	—	—	—	—	4	4
Public safety	—	—	—	—	1,199	1,199
Parks and recreation	—	—	—	—	63	63
Other	—	—	—	—	337	337
Total	—	3,161	—	—	1,609	4,770
Unassigned	(5,150)	—	(18,087)	—	—	(23,237)
Total	\$ 22,286	35,140	63,545	830	50,827	172,628

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2016
(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, 2016, the City issued \$60,000 in Tax and Revenue Anticipation Notes payable from the general fund. The notes mature on June 1, 2017 and bear interest at a rate of 2.00% per year.

b. Development and Tax Increment Revenue Notes

Subsequent to June 30, 2016, the City issued development and tax increment revenue notes totaling \$3,924 with interest rates of 6.06%.

c. 1520 Market Leasehold Revenue Bonds Series B

Subsequent to June 30, 2016, SLDC drew an additional \$3,208 of SLMFC 1520 Market St. Taxable Leasehold Revenue Bonds, Series 2015 for site preparation for the NGA property.

d. General Obligation Bonds

On November 10, 2016, the City sold \$25,000 General Obligation Bonds, Series 2016A with interest rates ranging from 1% to 5%. The financing was approved by the voters on April 5, 2016 for the purpose of purchasing, replacing, improving and maintaining the buildings, bridges, and equipment of the City.

e. Water Revenue Refunding Bonds

In October 2016, the Water Division drew down an additional \$2,132 of the Series 2013 Water Revenue Refunding Bonds.

In November 2016, the final draw down request of \$1,647 was submitted to Missouri Department of Natural Resources relating to the Series 2013 Water Revenue Bonds. This satisfies the loan draw down requirement of not to exceed \$9,500.

f. Property Taxes

The City tax rate levied in November 2016 was \$1.6231 per \$100 (in dollars) of assessed valuation of which \$1.49 (in dollars) is for the general fund and \$0.1331 (in dollars) is for the debt service fund.

g. Forest Park Forever Series 2013

Subsequent to June 30, 2016, an additional \$4,000 was drawn on the Forest Park Taxable Subordinate Leasehold Revenue Bonds Series 2013 bringing the total drawn to date to \$12,880.

h. Recreation Leasehold Revenue Refunding Bonds

On July 27, 2016 the SLMFC issued \$42,990 in Recreation Sales Tax Leasehold Revenue Refunding Bonds, Series 2016. A portion of the bonds refunded all outstanding Recreation Sales Tax Revenue Bonds, Series 2007 as well as fund a debt service reserve.

City of St. Louis, Missouri
Notes to Basic Financial Statements
June 30, 2016
(dollars in thousands)

i. Airport Long-Term Lease

Effective July 1, 2016, the Airport entered into a new long-term Airport Use and Lease Agreement (AUA) with signatory air carriers which will expire on June 30, 2021. Contemporaneously, the Airport also adopted a new companion Airline Operating Agreement and Terminal Building space permit (AOA), which the Airport will make available to airlines that elect not to enter into the AUA. The new agreements retain most to the provisions of the prior master agreements which expired on June 30, 2016.

j. Parking Bonds Refinancing

In December 12, 2016, the Parking Division issued \$12,365 Parking Revenue Refunding Bonds, Series 2016 to refund the outstanding Series 2006A bonds.

City of St. Louis, Missouri
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
UNAUDITED
For the year ended June 30, 2016
(dollars in thousands)

	<u>Original Budget</u>	<u>Final Revised Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes:				
Gross receipts	\$ 7,621	7,621	7,491	(130)
City earnings	164,285	164,285	166,156	1,871
Franchise	53,800	53,800	50,098	(3,702)
Sales	52,241	52,241	53,838	1,597
Property	58,258	58,258	58,295	37
Payroll	38,182	38,182	37,573	(609)
Motor vehicle	3,130	3,130	3,243	113
Other	706	706	552	(154)
Total taxes	<u>378,223</u>	<u>378,223</u>	<u>377,246</u>	<u>(977)</u>
Licenses and permits:				
Graduated business	6,476	6,476	6,250	(226)
Cigarette	1,626	1,626	1,681	55
Building division	8,221	8,221	7,592	(629)
Communication transmission	1,610	1,610	1,613	3
Liquor	549	549	559	10
Other	624	624	517	(107)
Motor vehicle	1,423	1,423	1,422	(1)
Total licenses and permits	<u>20,529</u>	<u>20,529</u>	<u>19,634</u>	<u>(895)</u>
Intergovernmental:				
Motor fuel tax allocation	8,550	8,550	8,438	(112)
Juvenile detention center	2,019	2,019	2,020	1
Public safety	6,200	6,200	4,268	(1,932)
Other intergovernmental	422	422	408	(14)
Total intergovernmental	<u>17,191</u>	<u>17,191</u>	<u>15,134</u>	<u>(2,057)</u>
Charges for services:				
Parks and recreation	313	313	321	8
Streets	16,865	16,865	16,817	(48)
Public safety	5,250	5,250	7,034	1,784
Health	773	773	811	38
Fee offices	4,156	4,156	4,261	105
Other	25	25	23	(2)
Services provided to other funds	4,729	4,729	4,933	204
Total charges for services	<u>32,111</u>	<u>32,111</u>	<u>34,200</u>	<u>2,089</u>
Court fines and forfeitures	<u>3,755</u>	<u>3,755</u>	<u>3,025</u>	<u>(730)</u>
Interest	<u>-</u>	<u>-</u>	<u>9</u>	<u>9</u>
Miscellaneous	<u>3,444</u>	<u>3,444</u>	<u>3,514</u>	<u>70</u>
Total revenues	<u>455,253</u>	<u>455,253</u>	<u>452,762</u>	<u>(2,491)</u>
EXPENDITURES	<u>482,223</u>	<u>482,221</u>	<u>475,072</u>	<u>7,149</u>
Excess of revenues over expenditures	(26,970)	(26,968)	(22,310)	4,658
Other financing sources (uses):				
Transfers in	37,373	37,373	38,570	1,197
Transfers out	(14,412)	(14,414)	(14,414)	-
Total other financing sources (uses), net	<u>22,961</u>	<u>22,959</u>	<u>24,156</u>	<u>1,197</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (4,009)</u>	<u>(4,009)</u>	<u>1,846</u>	<u>5,855</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Schedule of Expenditures -
Budget and Actual - General Fund
UNAUDITED
For the year ended June 30, 2016
(dollars in thousands)

		Original Budget	Final Revised Budget	Personal Services	Actual Other Expenditures	Total Expenditures	Variance with Final Budget Positive (Negative)
General government:							
110	Board of Alderman	\$ 3,074	3,074	2,728	164	2,892	182
120	Mayor's Office	1,774	1,774	1,509	167	1,676	98
123	Department of Personnel	4,011	4,011	2,919	391	3,310	701
124	Registrar	168	168	162	8	170	(2)
126	Civil Rights Enforcement Agency	322	322	327	4	331	(9)
127	Information Technology Service Agency	5,730	5,730	3,495	2,088	5,583	147
137	Division of the Budget	442	442	412	6	418	24
139	City Counselor	7,544	7,544	4,022	3,289	7,311	233
141	Planning and Urban Design	507	507	393	108	501	6
160	Comptroller	6,570	7,108	3,806	2,589	6,395	713
162	Municipal Garage	346	327	280	36	316	11
163	Microfilm Section	377	256	214	33	247	9
170	Supply Commissioner	725	725	713	6	719	6
171	Multigraph Section	892	892	611	178	789	103
330	Tax Equalization Board	11	11	6	-	6	5
333	Recorder of Deeds	2,776	2,776	2,403	265	2,668	108
334	Election and Registration	2,938	2,938	1,921	682	2,603	335
340	Treasurer	735	735	696	27	723	12
	Prior year encumbrance	1,700	1,700	-	751	751	949
	Sub total general government	40,642	41,040	26,617	10,792	37,409	3,631
190	City-Wide Accounts	2,941	2,937	3,863	1,750	5,613	(2,676)
	Prior year encumbrance	-	-	-	-	-	-
	Sub total city-wide accounts	2,941	2,937	3,863	1,750	5,613	(2,676)
	Total general government	43,583	43,977	30,480	12,542	43,022	955
Convention and tourism:							
930	Soldier's Memorial Building	144	144	125	1	126	18
	Total convention and tourism	144	144	125	1	126	18

City of St. Louis, Missouri
Schedule of Expenditures -
Budget and Actual - General Fund
UNAUDITED
For the year ended June 30, 2016
(dollars in thousands)

	Original Budget	Final Revised Budget	Personal Services	Actual Other Expenditures	Total Expenditures	Variance with Final Budget Positive (Negative)
Parks and recreation:						
210 Director of Parks, Recreation and Forestry	\$ 681	681	671	40	711	(30)
213 Division of Recreation	1,412	1,412	1,396	118	1,514	(102)
214 Division of Forestry	8,465	8,465	7,650	729	8,379	86
220 Division of Parks	7,249	7,249	7,097	644	7,741	(492)
225 Soulard Market	224	224	137	75	212	12
250 Tower Grove Park	715	715	-	715	715	-
Prior year encumbrance	25	25	-	25	25	-
Total parks and recreation	<u>18,771</u>	<u>18,771</u>	<u>16,951</u>	<u>2,346</u>	<u>19,297</u>	<u>(526)</u>
Judicial:						
310 Circuit Court (Circuit Judges)	-	-	-	-	-	-
311 Circuit Court (General)	10,041	10,141	5,250	3,919	9,169	972
312 Circuit Attorney	7,332	7,332	6,948	517	7,465	(133)
314 Probate Court	-	-	-	-	-	-
315 Sheriff	9,338	9,338	8,650	301	8,951	387
316 City Courts	2,661	2,661	2,023	459	2,482	179
317 City Marshal	-	-	-	-	-	-
320 Probation Department and Juvenile Detention Center	16,915	16,815	14,784	1,525	16,309	506
321 Drug Court	237	237	-	162	162	75
Prior year encumbrance	802	802	-	339	339	463
Total judicial	<u>47,326</u>	<u>47,326</u>	<u>37,655</u>	<u>7,222</u>	<u>44,877</u>	<u>2,449</u>
Streets:						
510 Director of Streets	1,297	1,297	1,239	43	1,282	15
511 Transportation and Traffic Division	9,933	9,933	5,049	4,650	9,699	234
513 Auto Towing and Storage	1,783	1,783	1,572	184	1,756	27
514 Street Division	6,948	6,948	5,689	1,519	7,208	(260)
516 Refuse Division	14,765	14,765	7,945	7,125	15,070	(305)
Prior year encumbrance	-	-	-	-	-	-
Total streets	<u>34,726</u>	<u>34,726</u>	<u>21,494</u>	<u>13,521</u>	<u>35,015</u>	<u>(289)</u>

City of St. Louis, Missouri
Schedule of Expenditures -
Budget and Actual - General Fund
UNAUDITED
For the year ended June 30, 2016
(dollars in thousands)

	Original Budget	Final Revised Budget	Personal Services	Actual Other Expenditures	Total Expenditures	Variance with Final Budget Positive (Negative)
Public safety - fire:						
611 Fire Department Operations	\$ 56,723	56,723	55,328	3,069	58,397	(1,674)
612 Firemen's Retirement System	6,615	6,615	6,615	-	6,615	-
Total public safety - fire	63,338	63,338	61,943	3,069	65,012	(1,674)
Public safety - police:						
650 Police Department	127,164	127,164	113,449	13,307	126,756	408
651 Police Retirement System	28,462	28,462	28,444	-	28,444	18
Prior year encumbrance	1,377	1,377	-	1,252	1,252	125
Total public safety - police	157,003	157,003	141,893	14,559	156,452	551
Public safety - other:						
610 Director of Public Safety	1,078	1,078	722	218	940	138
614 Office of Special Events	185	185	188	-	188	(3)
616 Excise Commissioner	452	452	423	19	442	10
620 Building Commissioner	8,247	8,247	7,654	518	8,172	75
622 Neighborhood Stabilization	2,699	2,699	2,270	103	2,373	326
625 City Emergency Management Agency	170	170	163	16	179	(9)
632 Medium Security Institution	16,283	16,223	9,973	5,165	15,138	1,085
633 City Jail	22,897	22,757	15,626	5,723	21,349	1,408
Prior year encumbrance	-	-	-	-	-	-
Total public safety-other	52,011	51,811	37,019	11,762	48,781	3,030
Health and welfare:						
335 Medical Examiner	2,135	2,135	965	1,130	2,095	40
800 Director of Human Services	1,485	1,485	1,266	78	1,344	141
Total health and welfare	3,620	3,620	2,231	1,208	3,439	181
Public services:						
900 President's Office, Board of Public Services	2,679	2,654	2,263	226	2,489	165
903 Building Operations	17,088	16,351	4,137	10,450	14,587	1,764
910 Equipment Services Division	14,989	15,551	7,612	7,462	15,074	477
Total public services	34,756	34,556	14,012	18,138	32,150	2,406
Debt service:						
Principal	13,833	13,905	-	13,905	13,905	-
Interest and fiscal charges	13,112	13,044	-	12,996	12,996	48
Total debt service	26,945	26,949	-	26,901	26,901	48
Total expenditures	\$ 482,223	482,221	363,803	111,269	475,072	7,149

See accompanying independent auditors' report.

City of St. Louis, Missouri
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Redevelopment Projects Fund
UNAUDITED
For the year ended June 30, 2016
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 34,332	34,332	34,332	—
Licenses and permits	—	—	—	—
Intergovernmental	3,919	3,919	3,919	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	2	2	2	—
Miscellaneous	2,917	2,917	2,917	—
Total revenues	41,170	41,170	41,170	—
Expenditures:				
Current:				
General government	947	947	874	(73)
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	—	—	—	—
Streets	—	—	—	—
Public safety:				
Fire	—	—	—	—
Police	—	—	—	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	—	—	—	—
Community Development	52,538	52,538	52,538	—
Capital outlay	—	—	—	—
Debt service	32,304	32,304	32,304	—
Total expenditures	85,789	85,789	85,716	73
Excess (deficiency) of revenues over (under) expenditures	(44,619)	(44,619)	(44,546)	73
Other financing sources (uses):				
Proceeds net of refunding	49,757	49,757	49,757	—
Transfers in	348	348	348	—
Transfers out	(1,644)	(1,644)	(1,644)	—
	48,461	48,461	48,461	—
Net change in fund balances	\$ 3,842	3,842	3,915	73

See accompanying independent auditors' report.

City of St. Louis, Missouri
Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – General Fund – UNAUDITED
For the Year ended June 30, 2016
(Dollars in thousands)

1. EXPLANATION OF BUDGETARY PROCESS

The City prepares annual budgets for the general fund, the redevelopment projects fund, the debt service fund, the capital projects fund, and the following nonmajor special revenue funds: use tax fund, transportation fund, convention and tourism fund, licensed gaming program fund, assessor's office fund, lateral sewer program fund, public safety trust fund, public safety sales tax fund, parks and recreation and other budgeted special revenue fund. An annual budget is not prepared for the grants major special revenue fund.

The City follows the procedures outlined below in establishing the budgetary data:

- 1) On or before 60 days prior to the start of each fiscal year, the Budget Director submits to the Board of Estimate and Apportionment (E&A), which consists of the Mayor, the Comptroller, and the President of the Board of Aldermen, for approval and submission to the Board of Aldermen (Board), a proposed annual operating budget for the fiscal year commencing the following July 1. The operating budgets include proposed expenditures and the means of financing them at the sub-fund level. A public hearing is held by E&A in order to afford citizens an opportunity to be heard on the proposed budget. The Board may reduce any item, except amounts fixed by state statute or for the payment of principal or interest of the City debt or for meeting any ordinance obligations, but may not increase such amount nor insert new items. Expenditures may not legally exceed appropriations at the fund level; however, supplemental appropriations may be made by the Board.
- 2) The annual operating budgets are adopted by the affirmative vote of a majority of the members of the Board and approval by the Mayor on or before the last day of the preceding budget year. In the event the Board has not acted upon the proposed budget ordinance by this time, the budgets, as recommended by E&A or in its absence, the submission by the Budget Director, shall be considered to be adopted and approved by the Board.
- 3) During the year, with the approval of E&A, the City may transfer part or all of any encumbered appropriation balance among programs within a department, office, or agency, without approval of the Board. Legislative action is required by the Board when the budget for an entire fund is to be increased. The amount of such transfers during the year was not significant.
- 4) If it is determined that there are revenues in excess of those estimated in the budget that are available for appropriation, the Board may, by ordinance, make supplemental appropriations for the year up to the amount of such excess.
- 5) At the end of each budget period, all unencumbered appropriated balances lapse, with the exception of appropriations for capital improvements that lapse upon completion of the related capital improvement project.

Schedule 3, Continued

City of St. Louis, Missouri
Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – General Fund – UNAUDITED (continued)
For the year ended June 30, 2016
(Dollars in thousands)

2. EXPLANATION OF THE DIFFERENCES BETWEEN THE EXCESS/(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES—BUDGET BASIS AND NET CHANGE IN FUND BALANCE—GAAP BASIS

The City's budgetary process is based upon accounting for certain transactions on a basis other than accounting principles generally accepted for governmental entities in the United States of America (GAAP). To provide a meaningful comparison of actual results with the budget, the actual results of operations are presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—General Fund in accordance with the budget basis of accounting.

The major differences between the budget and GAAP bases of accounting are:

- 1) Revenues are recorded when received in cash (budget), as opposed to when they are measurable and available (GAAP).
- 2) Expenditures are recorded when paid (budget), as opposed to when the obligation is incurred (GAAP).
- 3) Certain activities and funds of the general, special revenue, and capital projects fund types are not included in the annual operating budgets adopted by the Board.

Adjustments necessary to reconcile the excess (deficiency) of revenues and other financing sources over expenditures and other financing uses from the GAAP basis to the budget basis of accounting are as follows:

	General fund	Redevelopment projects fund
Budget basis	\$ 1,846	3,915
Increase (decrease) due to:		
Revenue accruals	(7,245)	1,412
Expenditure accruals	(2,410)	(37)
Unbudgeted activities and funds	1,442	—
GAAP basis	\$ (6,367)	5,290

See accompanying independent auditors' report.

City of St. Louis, Missouri
Retirement Systems and Other Postemployment Benefit Plans
Required Supplementary Information –
UNAUDITED
June 30, 2016
(dollars in thousands)

Police Retirement System of St. Louis.

Schedule of Changes in the Net Pension Liability and Related Ratios - Last Ten Fiscal Years (In Thousands)

	Fiscal Year End June 30,									
Total Pension Liability	2015	2015	2014	2013	2012	2011	2010	2009	2008	2007
Service Cost	12,978	12,992								
Interest	66,579	65,906								
Difference between expected and actual experience	(2,041)	-								
Change in benefit	-	-	<i>(Historical information prior to implementation of GASB 67/68 is not required)</i>							
Change of assumptions	16,249	6,650								
Benefit payments	(69,533)	(60,973)								
Net change in total pension liability	24,232	24,575								
Total pension liability - beginning	919,906	895,331								
Total pension liability - ending (a)	\$ 944,138	\$ 919,906								
System Fiduciary Net Position										
Contributions - employer	30,600	32,325								
Contributions - employee	4,488	4,438								
Net investment income	(8,325)	48,095								
Benefit payments	(69,533)	(60,973)								
Administrative expenses	(1,125)	(1,096)								
Net change in fiduciary net position	(43,895)	22,789								
System fiduciary net position - beginning	728,790	706,277								
System fiduciary net position - ending (b)	\$ 684,895	\$ 729,066								
Net pension liability - ending: (a)-(b)	\$ 259,243	\$ 190,840								
System's fiduciary net position as a percentage of the total pension liability	72.54%	79.25%								
Covered-employee payroll*	83,141	78,610								
Net pension liability as a percentage of covered-employee payroll	311.81%	242.77%								

* Covered-employee payroll as reported in the October 1, 201X funding valuation report

Police Retirement System of St. Louis, continued

See accompanying independent auditors' report.

City of St. Louis, Missouri
Retirement Systems and Other Postemployment Benefit Plans
Required Supplementary Information –
UNAUDITED
June 30, 2016
(dollars in thousands)

Schedule of Contributions - Last Ten Fiscal Years (In Thousands)

	Covered Employee Payroll	Contributions as % of covered- employee payroll	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)
Fiscal Year Ended June 30,					
2016	83,141	36.80%	30,600	30,600	-
2015	78,610	41.12%	32,325	32,325	-
2014	70,328	41.96%	29,513	32,629	(3,116)
2013	70,077	31.60%	22,146	28,474	(6,328)
2012	67,594	26.80%	18,116	20,037	(1,921)
2011	71,095	21.25%	15,108	17,476	(2,368)
2010	68,573	16.58%	11,368	14,318	(2,950)
2009	63,835	18.99%	12,123	10,384	1,739
2008	62,179	25.95%	16,136	42,289	(26,153)
2007	61,678	25.17%	15,525	8,093	7,432

Notes to Required Supplementary Information for Contributions

Valuation Date	October 1, 2014
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	None - aggregate is funded over the future working lifetime of current participants
Asset Valuation Method	5-year smoothed average of market value
Actuarial Assumptions:	
Investment Rate of Return	7.75%, net of 0.15% administrative expenses
Inflation	2.5%
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

City of St. Louis, Missouri
 Retirement Systems and Other Postemployment Benefit Plans
 Required Supplementary Information –
UNAUDITED
June 30, 2016
 (dollars in thousands)

Firemen's Retirement System of St Louis

Schedule of Changes in the Net Pension Liability and Related Ratios - Last Ten Fiscal Years (In Thousands)

Total Pension Liability	Fiscal Year End June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Service Cost	-	-								
Interest	34,403	34,450								
Difference between expected and actual experience	15	-								
Change in benefit	-	-								
Change in assumptions	43,915	-								
Refunds	(1,294)	(1,205)								
Benefit payments	(33,562)	(34,002)								
Net change in total pension liability	43,477	(757)								
Total pension liability - beginning	451,542	452,299								
Total pension liability - ending (a)	\$ 495,019	\$ 451,542								
System Fiduciary Net Position										
Contributions - employer	-	1,008								
Refunds	(1,294)	(1,205)								
Net investment income	(10,932)	48,270								
Benefit payments	(33,562)	(34,002)								
Transfer out due to settlement agreement	-	(10,279)								
Administrative expenses	(1,594)	(1,424)								
Net change in fiduciary net position	(47,382)	2,368								
System fiduciary net position - beginning	494,440	492,222								
System fiduciary net position - ending (b)	\$ 447,058	\$ 494,590								
Net pension liability - ending: (a)-(b)	\$ 47,961	\$ (43,048)								
System's fiduciary net position as a percentage of the										
total pension liability	90.31%	109.53%								
Covered-employee payroll*	30,288	29,768								
Net pension liability as a percentage of covered-										
employee payroll	158.35%	-144.61%								

Firemen's Retirement System of St Louis, continued

See accompanying independent auditors' report.

City of St. Louis, Missouri
Retirement Systems and Other Postemployment Benefit Plans
Required Supplementary Information –
UNAUDITED
June 30, 2016
(dollars in thousands)

Schedule of Contributions - Last Ten Fiscal Years (In Thousands)

		Covered Employee Payroll	Contributions as % of covered- employee payroll	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)
Fiscal Year Ended June 30,						
	2016	30,288	0.00%	-	-	-
	2015	29,768	3.39%	1,008	1,008	-
	2014	30,022	32.66%	9,804	10,137	(333)
	2013	36,013	58.80%	21,177	21,685	(508)
	2012	37,157	62.09%	23,072	23,072	-
	2011	40,789	43.77%	17,855	17,855	-
	2010	42,052	29.00%	12,194	12,194	-
	2009	41,649	17.97%	7,485	7,485	-
	2008	37,690	37.90%	14,285	49,398	(35,113)
	2007	35,726	50.89%	18,180	4,109	14,071

Notes to Required Supplementary Information for Contributions

Valuation Date	October 1, 2015
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	30-year closed period from establishment
Asset Valuation Method	3-year smoothed average of market value
Actuarial Assumptions:	
Investment Rate of Return	7.3%, net of investment expenses
Inflation	2.75%
Projected Salary Increases	Benefits have been frozen since February 1, 2013; therefore, no salary increases have been assumed
Mortality	RP-2014 mortality table, sex distinct

City of St. Louis, Missouri
Retirement Systems and Other Postemployment Benefit Plans
Required Supplementary Information –
UNAUDITED
June 30, 2016
(dollars in thousands)

Firefighters' Retirement Plan

Schedule of Changes in the Net Pension Liability and Related Ratios - Last Ten Fiscal Years (In Thousands)

Total Pension Liability	Fiscal Year End June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Service Cost	6,227	6,411								
Interest	6,146	4,088								
Difference between expected and actual experience	1,179	(5,360)								
Change in benefit	979	-	<i>(Historical information prior to implementation of GASB 67/68 is not required)</i>							
Change of assumptions	22,244	-								
Benefit payments	(263)	(133)								
Net change in total pension liability	36,512	5,006								
Total pension liability - beginning	52,268	47,262								
Total pension liability - ending (a)	\$ 88,780	\$ 52,268								
Plan Fiduciary Net Position										
Contributions - employer	8,507	15,825								
Contributions - employee	2,829	2,813								
Net investment income	(843)	(92)								
Benefit payments	(263)	(133)								
Administrative expenses	(313)	(207)								
Net change in fiduciary net position	9,917	18,206								
Plan fiduciary net position - beginning	19,859	1,653								
Plan fiduciary net position - ending (b)	\$ 29,776	\$ 19,859								
Net pension liability - ending: (a)-(b)	\$ 59,004	\$ 32,409								
Plan's fiduciary net position as a percentage of the total pension liability	33.54%	37.99%								
Covered-employee payroll*	40,889	39,102								
Net pension liability as a percentage of covered-employee payroll	144.30%	82.88%								

* Covered-employee payroll as reported in the October 1, 201X funding valuation report

Firefighters' Retirement Plan, continued

See accompanying independent auditors' report.

City of St. Louis, Missouri
Retirement Systems and Other Postemployment Benefit Plans
Required Supplementary Information –
UNAUDITED
June 30, 2016
(dollars in thousands)

Schedule of Contributions - Last Ten Fiscal Years (In Thousands)

		Covered Employee Payroll	Contributions as % of covered- employee payroll	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)
Fiscal Year Ended June 30,						
	2016	40,889	20.80%	7,436	7,436	-
	2015	39,102	40.47%	8,942	15,825	(6,883)
	2014	23,270	29.58%	6,883	6,883	-
	2012					
	2011					
	2010					
	2009					
	2008					
	2007					
	2006					

Notes to Required Supplementary Information for Contributions

Valuation Date	October 1, 2014
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	30-year closed period from establishment
Asset Valuation Method	5-year smoothed market
Actuarial Assumptions:	
Investment Rate of Return	7.625%, net of investment expenses
Inflation	3%
Projected Salary Increases	Varies based on employee's years of service
Mortality	RP-2000 mortality table, sex distinct, with rates projected to 2015

City of St. Louis, Missouri
Retirement Systems and Other Postemployment Benefit Plans
Required Supplementary Information –
UNAUDITED
June 30, 2016
(dollars in thousands)

Employees Retirement System of the City of St Louis

Schedule of Proportionate Share of the Net Pension Liability - Last Ten Fiscal Years (In Thousands)

	Fiscal Year End June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Proportion of the net pension liability	83.50%	83.90%								
Proportionate share of the net pension liability	\$ 189,264	\$ 129,712								
Covered-employee payroll	213,053	212,684								
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	88.83%	60.99%								
Plan fiduciary net position as a percentage of the total pension liability	76.22%	83.54%								

Schedule of Contributions - Last Ten Fiscal Years (In Thousands)

Fiscal Year Ended June 30,	Covered Employee Payroll	Contributions as % of covered- employee payroll	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)
2016	213,053	13.89%	26,396	29,595	(3,199)
2015	212,684	14.51%	28,576	30,865	(2,289)
2014	192,141	0.00%	29,601	-	29,601
2013	191,099	13.52%	27,064	25,837	1,227
2012	189,602	13.13%	25,073	24,900	173
2011	197,584	11.67%	24,224	23,049	1,175
2010	204,348	11.34%	22,162	23,164	(1,002)
2009	202,896	12.71%	21,495	25,798	(4,303)
2008	196,375	30.86%	25,159	60,606	(35,447)
2007	190,502	7.03%	25,056	13,393	11,663

City of St. Louis, Missouri
Retirement Systems and Other Postemployment Benefit Plans
Required Supplementary Information –
UNAUDITED
June 30, 2016
(dollars in thousands)

Employees Retirement System of the City of St Louis, continued

Notes to Required Supplementary Information for Contributions

Valuation Date	October 1, 2015
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Layered 20-year amortization of unfunded liability
Asset Valuation Method	5-year smoothed market
Actuarial Assumptions:	
Investment Rate of Return	7.5%
Inflation	3.125%
Projected Salary Increases	Varies by age, ranging from 3.50% to 7.017%
Mortality	1994 Group Annuity Mortality Table

City of St. Louis, Missouri
Retirement Systems and Other Postemployment Benefit Plans
Required Supplementary Information –
UNAUDITED
June 30, 2016
(dollars in thousands)

Other Postemployment Benefits Plan

The following required supplementary information relates to postemployment benefits plan.

Actuarial Valuation Date	Actuarial Value of System Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
7/1/15	—	501,968	501,968	0.0	89,182	562.9%
7/1/13	—	490,773	490,773	0.0	88,828	552.5
7/1/11	—	443,392	443,392	0.0	93,289	475.3



Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Use Tax – Used to record revenue received from the local use tax and expenditures made to promote health and welfare activities.

Transportation – Used to record sales tax revenue and expenditures for transportation purposes.

Convention and Tourism – Used to record revenue received from the one-cent restaurant tax, 3½% hotel tax, and football admission gross receipts and expenditures made to promote convention and tourism activities.

Licensed Gaming Program – Used to record revenue received from adjusted gross receipts and admissions taxes imposed on riverboat gaming excursion boats.

Assessor's Office – Used to account for financial assistance received from the State of Missouri, commissions received from the collection of property taxes, and expenditures made to operate the Assessor's office.

Lateral Sewer Program – Used to account for revenue received from charges on specific residential support within the boundaries of the City of St. Louis and expenditures made to repair lateral sewer service lines leading from the residential properties to any sewer main that is maintained by the Metropolitan St. Louis Sewer District.

Collector of Revenue – Used to account for operating receipts and disbursements of the Collector of Revenue's office.

License Collector – Used to account for the operating receipts and disbursements of the License Collector's office.

Public Safety Trust Fund – Used to account for revenues derived from an increase in the graduated business license to be used for enhanced public safety.

Public Safety Sales Tax – Used to account for revenues received from an increase of sales tax to be used for public safety.

Parks and Recreation – Used to account for revenues designated for parks and recreation.

Other Budgeted Special Revenue – Used to account for the activities of other less significant special revenue sources for which annual budgets are adopted.

Other Nonbudgeted Special Revenue – Used to account for the activities of other less significant special revenue sources for which annual budgets are not adopted.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

City of St. Louis, Missouri
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016
(dollars in thousands)

		Special revenue						
		Use Tax	Transportation	Convention and Tourism	Licensed Gaming Program	Assessor's Office	Lateral Sewer Program	Collector of Revenue
Assets								
Cash and cash equivalents:								
Restricted	\$	—	—	—	—	—	—	—
Unrestricted		7,490	—	—	486	—	1,683	1,142
Investments:								
Restricted		—	—	—	—	—	—	—
Unrestricted		2,062	—	—	133	—	464	—
Receivables, net of allowances:								
Taxes		4,439	6,097	3,494	616	—	—	—
Licenses and permits		—	—	—	—	—	—	—
Intergovernmental		—	—	—	—	—	—	—
Charges for services		—	—	—	—	—	742	—
Other		20	—	—	—	—	—	—
Due from component unit		—	—	—	—	—	—	—
Due from other funds		—	—	—	—	—	—	—
Total assets	\$	<u>14,011</u>	<u>6,097</u>	<u>3,494</u>	<u>1,235</u>	<u>—</u>	<u>2,889</u>	<u>1,142</u>
Liabilities, Deferred Inflow of Resources, and Fund Balances								
Liabilities:								
Accounts payable and accrued liabilities	\$	1,489	—	—	—	—	471	—
Accrued salaries and other benefits		499	—	—	—	217	26	—
Due to component units		—	—	—	—	—	—	—
Due to other funds		2	448	325	—	—	—	—
Unearned revenue		—	—	—	—	—	—	—
Total liabilities		<u>1,990</u>	<u>448</u>	<u>325</u>	<u>—</u>	<u>217</u>	<u>497</u>	<u>—</u>
Deferred inflow of resources		—	—	—	—	—	620	—
Total liabilities and deferred inflow of resources		<u>1,990</u>	<u>448</u>	<u>325</u>	<u>—</u>	<u>217</u>	<u>1,117</u>	<u>—</u>
Fund balances:								
Nonspendable		—	—	—	—	—	—	—
Restricted		—	5,649	—	90	(217)	—	1,142
Committed		11,729	—	3,169	—	—	1,772	—
Assigned		292	—	—	1,145	—	—	—
Unassigned		—	—	—	—	—	—	—
Total fund balances		<u>12,021</u>	<u>5,649</u>	<u>3,169</u>	<u>1,235</u>	<u>(217)</u>	<u>1,772</u>	<u>1,142</u>
Total liabilities, deferred inflow of resources, and fund balances	\$	<u>14,011</u>	<u>6,097</u>	<u>3,494</u>	<u>1,235</u>	<u>—</u>	<u>2,889</u>	<u>1,142</u>

City of St. Louis, Missouri
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016
(dollars in thousands)

	Special revenue								
	License Collector	Public Safety Trust	Public Safety Sales Tax	Parks and Recreation	Other Budgeted Special Revenue	Other Nonbudgeted Special Revenue	Total Special Revenue	Debt Service Fund	Total Other Governmental Fund
Assets									
Cash and cash equivalents:									
Restricted	\$ —	—	—	875	—	—	875	1,883	2,758
Unrestricted	1,962	—	1,897	1,737	3,778	3,704	23,879	—	23,879
Investments:									
Restricted	—	—	—	—	—	—	—	4,999	4,999
Unrestricted	—	—	523	478	1,035	1,208	5,903	—	5,903
Receivables, net of allowances:									
Taxes	—	—	3,047	762	1,528	—	19,983	6,975	26,958
Licenses and permits	—	259	—	—	3	—	262	—	262
Intergovernmental	—	—	—	—	137	—	137	—	137
Charges for services	—	—	—	—	418	5	1,165	—	1,165
Other	—	—	—	—	301	334	655	—	655
Due from component unit	—	—	—	—	447	—	447	—	447
Due from other funds	—	—	—	—	—	—	—	—	—
Total assets	\$ 1,962	259	5,467	3,852	7,647	5,251	53,306	13,857	67,163
Liabilities, Deferred Inflow of Resources, and Fund Balances									
Liabilities:									
Accounts payable and accrued liabilities	\$ —	—	129	61	185	279	2,614	40	2,654
Accrued salaries and other benefits	—	44	—	210	317	16	1,329	—	1,329
Due to component units	—	—	—	—	—	26	26	—	26
Due to other funds	—	54	466	124	—	—	1,419	—	1,419
Unearned revenue	—	—	—	—	2,433	334	2,767	—	2,767
Total liabilities	—	98	595	395	2,935	655	8,155	40	8,195
Deferred inflow of resources	—	112	—	—	495	—	1,227	6,914	8,141
Total liabilities and deferred inflow of resources	—	210	595	395	3,430	655	9,382	6,954	16,336
Fund balances:									
Nonspendable	—	—	—	—	—	11	11	—	11
Restricted	1,962	—	—	1,919	(428)	720	10,837	6,903	17,740
Committed	—	49	4,872	1,538	4,621	3,717	31,467	—	31,467
Assigned	—	—	—	—	24	148	1,609	—	1,609
Unassigned	—	—	—	—	—	—	—	—	—
Total fund balances	1,962	49	4,872	3,457	4,217	4,596	43,924	6,903	50,827
Total liabilities, deferred inflow of resources, and fund balances	\$ 1,962	259	5,467	3,852	7,647	5,251	53,306	13,857	67,163

See accompanying independent auditors' report.

City of St. Louis, Missouri
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2016
(dollars in thousands)

	Special revenue						
	Use Tax	Transportation	Convention and Tourism	Licensed Gaming Program	Assessor's Office	Lateral Sewer Program	Collector of Revenue
Revenues:							
Taxes	\$ 28,975	40,323	14,638	6,755	2,163	—	—
Licenses and permits	—	—	—	—	—	—	—
Intergovernmental	—	—	—	—	436	—	—
Charges for services, net	—	—	—	—	2	2,649	8,896
Investment income	18	—	—	—	—	1	8
Miscellaneous	68	—	—	—	—	—	609
Total	29,061	40,323	14,638	6,755	2,601	2,650	9,513
Expenditures:							
General government	—	—	165	—	4,234	—	9,105
Convention and tourism	—	—	—	—	—	—	—
Parks and recreation	—	—	—	—	—	—	—
Judicial	—	—	—	—	—	—	—
Streets	623	—	—	—	—	—	—
Public safety:							
Fire	—	—	—	19	—	—	—
Police	9,738	—	—	2,800	—	—	—
Other	3,024	—	—	—	—	—	—
Health and welfare	17,418	—	—	—	—	—	—
Public services	—	40,284	—	—	—	2,755	—
Community development	—	—	—	—	—	—	—
Capital outlay	7	—	—	—	—	—	—
Debt service:							
Principal	—	—	—	—	—	—	—
Interest and fiscal charges	—	—	—	—	—	—	—
Advance refunding escrow	—	—	—	—	—	—	—
Total expenditures	30,810	40,284	165	2,819	4,234	2,755	9,105
Excess (deficiency) of revenues over expenditures	(1,749)	39	14,473	3,936	(1,633)	(105)	408
Other financing sources (uses):							
Issuance of tax increment revenue notes	—	—	—	—	—	—	—
Issuance of general obligation bonds	—	—	—	—	—	—	—
Payment of TIF notes	—	—	—	—	—	—	—
Payment to refunded escrow agent	—	—	—	—	—	—	—
Premium on bonds	—	—	—	—	—	—	—
Discount on TIF notes	—	—	—	—	—	—	—
Transfers in	—	—	—	—	1,650	—	—
Transfers out	(606)	—	(14,598)	(4,390)	(46)	(5)	(75)
Total other financing sources (uses), net	(606)	—	(14,598)	(4,390)	1,604	(5)	(75)
Net change in fund balances	(2,355)	39	(125)	(454)	(29)	(110)	333
Fund balances:							
Beginning of year	14,376	5,610	3,294	1,689	(188)	1,882	809
End of year	\$ 12,021	5,649	3,169	1,235	(217)	1,772	1,142

City of St. Louis, Missouri
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2016
(dollars in thousands)

	License Collector	Public Safety Trust	Public Safety Sales Tax	Parks and Recreation	Other Budgeted Special Revenue	Other Nonbudgeted Special Revenue	Total Special Revenue	Debt Service Fund	Total Other Governmental Fund
Revenues:									
Taxes	\$ —	—	19,450	4,850	16,860	—	134,014	6,616	140,630
Licenses and permits	—	2,876	—	—	4,241	—	7,117	—	7,117
Intergovernmental	—	—	—	—	405	79	920	—	920
Charges for services, net	2,093	—	—	—	3,905	1,180	18,725	—	18,725
Investment income	—	—	1	1	3	5	37	4	41
Miscellaneous	—	—	646	2,000	2,516	2,369	8,208	—	8,208
Total	2,093	2,876	20,097	6,851	27,930	3,633	169,021	6,620	175,641
Expenditures:									
General government	2,038	278	—	—	1,576	334	17,730	125	17,855
Convention and tourism	—	—	—	—	—	—	—	—	—
Parks and recreation	—	—	—	3,941	795	70	4,806	—	4,806
Judicial	—	511	166	—	2,198	832	3,707	—	3,707
Streets	—	—	—	—	289	170	1,082	—	1,082
Public safety:									
Fire	—	—	1,050	—	—	57	1,126	—	1,126
Police	—	2,181	8,221	—	125	235	23,300	—	23,300
Other	—	—	680	—	2,807	1,762	8,273	—	8,273
Health and welfare	—	—	—	—	360	40	17,818	—	17,818
Public services	—	—	(2)	—	290	51	43,378	—	43,378
Community development	—	—	—	—	—	—	—	—	—
Capital outlay	—	—	—	—	170	—	177	—	177
Debt service:									
Principal	—	—	3,747	1,155	144	—	5,046	3,660	8,706
Interest and fiscal charges	—	—	5,627	2,118	45	—	7,790	1,422	9,212
Advance refunding escrow	—	—	—	—	—	—	—	1,826	1,826
Total expenditures	2,038	2,970	19,489	7,214	8,799	3,551	134,233	7,033	141,266
Excess (deficiency) of revenues over expenditures	55	(94)	608	(363)	19,131	82	34,788	(413)	34,375
Other financing sources (uses):									
Issuance of tax increment revenue notes	—	—	—	—	—	—	—	—	—
Issuance of general obligation bonds	—	—	—	—	—	—	—	16,795	16,795
Payment of TIF notes	—	—	—	—	—	—	—	—	—
Payment to refunded escrow agent	—	—	—	—	(243)	—	(243)	(17,622)	(17,865)
Premium on bonds	—	—	—	—	—	—	—	1,175	1,175
Discount on TIF notes	—	—	—	—	—	—	—	—	—
Transfers in	—	—	—	400	852	—	2,902	2	2,904
Transfers out	(21)	(10)	(1)	(18)	(18,964)	(38)	(38,772)	—	(38,772)
Total other financing sources (uses), net	(21)	(10)	(1)	382	(18,355)	(38)	(36,113)	350	(35,763)
Net change in fund balances	34	(104)	607	19	776	44	(1,325)	(63)	(1,388)
Fund balances:									
Beginning of year	1,928	153	4,265	3,438	3,441	4,552	45,249	6,966	52,215
End of year	\$ 1,962	49	4,872	3,457	4,217	4,596	43,924	6,903	50,827

See accompanying independent auditors' report.

City of St. Louis, Missouri
Use Tax Special Revenue Fund - Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2016
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 30,600	30,600	29,168	1,432
Licenses and permits	—	—	—	—
Intergovernmental	—	—	—	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	25	25	12	13
Miscellaneous	20	20	48	(28)
Total revenues	<u>30,645</u>	<u>30,645</u>	<u>29,228</u>	<u>1,417</u>
Expenditures:				
Current:				
General government	—	—	—	—
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	—	—	—	—
Streets	729	729	621	108
Public safety:				
Fire	—	—	—	—
Police	9,738	9,738	9,738	—
Other	3,190	3,190	3,049	141
Health and welfare	26,174	26,174	16,891	9,283
Public service	—	—	—	—
Capital outlay	—	—	—	—
Debt service	—	—	—	—
Total expenditures	<u>39,831</u>	<u>39,831</u>	<u>30,299</u>	<u>9,532</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,186)</u>	<u>(9,186)</u>	<u>(1,071)</u>	<u>10,949</u>
Other financing sources (uses):				
Transfers in	—	—	—	—
Transfers out	(500)	(500)	(500)	—
	<u>(500)</u>	<u>(500)</u>	<u>(500)</u>	<u>—</u>
Net change in fund balances	<u>\$ (9,686)</u>	<u>(9,686)</u>	<u>(1,571)</u>	<u>10,949</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Transportation Special Revenue Fund - Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2016
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 44,130	40,130	40,284	(3,846)
Licenses and permits	—	—	—	—
Intergovernmental	—	—	—	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	—	—	—	—
Miscellaneous	—	—	—	—
Total revenues	<u>44,130</u>	<u>40,130</u>	<u>40,284</u>	<u>(3,846)</u>
Expenditures:				
Current:				
General government	—	—	—	—
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	—	—	—	—
Streets	—	—	—	—
Public safety:				
Fire	—	—	—	—
Police	—	—	—	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	44,130	44,130	40,284	3,846
Capital outlay	—	—	—	—
Debt service	—	—	—	—
Total expenditures	<u>44,130</u>	<u>44,130</u>	<u>40,284</u>	<u>3,846</u>
Excess (deficiency) of revenues over (under) expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Other financing sources (uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Net change in fund balances	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Convention and Tourism Special Revenue Fund - Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2016
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 14,253	14,253	14,763	510
Licenses and permits	—	—	—	—
Intergovernmental	—	—	—	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	—	—	—	—
Miscellaneous	—	—	—	—
Total revenues	14,253	14,253	14,763	510
Expenditures:				
Current:				
General government	165	165	165	—
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	—	—	—	—
Streets	—	—	—	—
Public safety:				
Fire	—	—	—	—
Police	—	—	—	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	—	—	—	—
Capital outlay	—	—	—	—
Debt service	—	—	—	—
Total expenditures	165	165	165	—
Excess (deficiency) of revenues over (under) expenditures	14,088	14,088	14,598	510
Other financing sources (uses):				
Transfers in				
Transfers out	(14,090)	(14,090)	(14,598)	(508)
	(14,090)	(14,090)	(14,598)	(508)
Net change in fund balances	\$ (2)	(2)	—	2

See accompanying independent auditors' report.

City of St. Louis, Missouri
Licensed Gaming Program Special Revenue Fund - Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2016
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 7,050	7,050	6,758	(292)
Licenses and permits	—	—	—	—
Intergovernmental	—	—	—	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	—	—	—	—
Miscellaneous	—	—	—	—
Total revenues	<u>7,050</u>	<u>7,050</u>	<u>6,758</u>	<u>(292)</u>
Expenditures:				
Current:				
General government	—	—	—	—
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	—	—	—	—
Streets	—	—	—	—
Public safety:				
Fire	25	25	20	5
Police	2,800	2,800	2,800	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	—	—	—	—
Capital outlay	1,071	1,071	—	1,071
Debt service	—	—	—	—
Total expenditures	<u>3,896</u>	<u>3,896</u>	<u>2,820</u>	<u>1,076</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,154</u>	<u>3,154</u>	<u>3,938</u>	<u>784</u>
Other financing sources (uses):				
Transfers in	—	—	—	—
Transfers out	(4,390)	(4,390)	(4,390)	—
	<u>(4,390)</u>	<u>(4,390)</u>	<u>(4,390)</u>	<u>—</u>
Net change in fund balances	<u>\$ (1,236)</u>	<u>(1,236)</u>	<u>(452)</u>	<u>784</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Assessor's Office Special Revenue Fund - Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2016
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,212	2,212	2,163	(49)
Licenses and permits	—	—	—	—
Intergovernmental	420	420	436	16
Charges for service, net	5	5	2	(3)
Court fines and forfeitures	—	—	—	—
Investment income	—	—	—	—
Miscellaneous	—	—	—	—
Total revenues	<u>2,637</u>	<u>2,637</u>	<u>2,601</u>	<u>(36)</u>
Expenditures:				
Current:				
General government	4,349	4,349	4,251	98
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	—	—	—	—
Streets	—	—	—	—
Public safety:				
Fire	—	—	—	—
Police	—	—	—	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	—	—	—	—
Capital outlay	—	—	—	—
Debt service	—	—	—	—
Total expenditures	<u>4,349</u>	<u>4,349</u>	<u>4,251</u>	<u>98</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,712)</u>	<u>(1,712)</u>	<u>(1,650)</u>	<u>62</u>
Other financing sources (uses):				
Transfers in	1,650	1,650	1,650	—
Transfers out	—	—	—	—
	<u>1,650</u>	<u>1,650</u>	<u>1,650</u>	<u>—</u>
Net change in fund balances	<u>\$ (62)</u>	<u>(62)</u>	<u>—</u>	<u>62</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Lateral Sewer Program Special Revenue Fund - Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2016
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ —	—	—	—
Licenses and permits	—	—	—	—
Intergovernmental	—	—	—	—
Charges for service, net	2,640	2,640	2,658	18
Court fines and forfeitures	—	—	—	—
Investment income	—	—	—	—
Miscellaneous	—	—	—	—
Total revenues	<u>2,640</u>	<u>2,640</u>	<u>2,658</u>	<u>18</u>
Expenditures:				
Current:				
General government	—	—	—	—
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	—	—	—	—
Streets	—	—	—	—
Public safety:				
Fire	—	—	—	—
Police	—	—	—	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	2,634	2,634	2,453	181
Capital outlay	—	—	—	—
Debt service	—	—	—	—
Total expenditures	<u>2,634</u>	<u>2,634</u>	<u>2,453</u>	<u>181</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6</u>	<u>6</u>	<u>205</u>	<u>199</u>
Other financing sources (uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Net change in fund balances	<u>\$ 6</u>	<u>6</u>	<u>205</u>	<u>199</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Public Safety Special Revenue Fund - Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2016
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ —	—	—	—
Licenses and permits	3,063	3,063	2,881	(182)
Intergovernmental	—	—	—	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	—	—	—	—
Miscellaneous	—	—	—	—
Total revenues	<u>3,063</u>	<u>3,063</u>	<u>2,881</u>	<u>(182)</u>
Expenditures:				
Current:				
General government	290	290	282	8
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	527	527	500	27
Streets	—	—	—	—
Public safety:				
Fire	—	—	—	—
Police	2,181	2,181	2,181	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	—	—	—	—
Capital outlay	—	—	—	—
Debt service	—	—	—	—
Total expenditures	<u>2,998</u>	<u>2,998</u>	<u>2,963</u>	<u>35</u>
Excess (deficiency) of revenues over (under) expenditures	<u>65</u>	<u>65</u>	<u>(82)</u>	<u>(147)</u>
Other financing sources (uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Net change in fund balances	<u>\$ 65</u>	<u>65</u>	<u>(82)</u>	<u>(147)</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
City Public Safety Sales Tax Special Revenue Fund - Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2016
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 18,914	18,914	19,477	563
Licenses and permits	—	—	—	—
Intergovernmental	—	—	—	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	—	—	—	—
Miscellaneous	—	—	—	—
Total revenues	18,914	18,914	19,477	563
Expenditures:				
Current:				
General government	—	—	—	—
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	290	290	175	115
Streets	—	—	—	—
Public safety:				
Fire	1,050	1,050	1,050	—
Police	8,220	8,220	8,220	—
Other	1,599	1,599	722	877
Health and welfare	—	—	—	—
Public service	—	—	—	—
Capital outlay	—	—	—	—
Debt service	8,730	8,730	8,728	2
Total expenditures	19,889	19,889	18,895	994
Excess (deficiency) of revenues over (under) expenditures	(975)	(975)	582	1,557
Other financing sources (uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Net change in fund balances	\$ (975)	(975)	582	1,557

See accompanying independent auditors' report.

City of St. Louis, Missouri
Parks & Recreation Special Revenue Fund - Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2016
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 4,711	4,711	4,855	144
Licenses and permits	—	—	—	—
Intergovernmental	—	—	—	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	—	—	—	—
Miscellaneous	2,000	2,000	2,000	—
Total revenues	6,711	6,711	6,855	144
Expenditures:				
Current:				
General government	—	—	—	—
Convention and tourism	—	—	—	—
Parks and recreation	4,869	4,869	3,895	974
Judicial	—	—	—	—
Streets	—	—	—	—
Public safety:				
Fire	—	—	—	—
Police	—	—	—	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	—	—	—	—
Capital outlay	—	—	—	—
Debt service	3,292	3,292	3,283	9
Total expenditures	8,161	8,161	7,178	983
Excess (deficiency) of revenues over (under) expenditures	(1,450)	(1,450)	(323)	1,127
Other financing sources (uses):				
Transfers in	400	400	400	—
Transfers out	—	—	—	—
	400	400	400	—
Net change in fund balances	\$ (1,050)	(1,050)	77	1,127

See accompanying independent auditors' report.

City of St. Louis, Missouri
Other Budgeted Special Revenue Fund - Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the year ended June 30, 2016
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 13,569	18,589	16,852	(1,737)
Licenses and permits	3,970	3,970	4,245	275
Intergovernmental	555	555	545	(10)
Charges for service, net	3,204	3,204	4,103	899
Court fines and forfeitures	1,544	1,544	1,144	(400)
Investment income	—	—	—	—
Miscellaneous	3,350	3,350	2,225	(1,125)
Total revenues	26,192	31,212	29,114	(2,098)
Expenditures:				
Current:				
General government	2,059	2,059	1,570	489
Convention and tourism	—	—	—	—
Parks and recreation	1,177	1,177	822	355
Judicial	2,604	2,604	2,203	401
Streets	389	389	357	32
Public safety:				
Fire	—	—	—	—
Police	525	525	135	390
Other	3,616	3,616	2,941	675
Health and welfare	749	749	364	385
Public service	1,019	1,029	287	742
Capital outlay	—	—	—	—
Debt service	—	—	—	—
Total expenditures	12,138	12,148	8,679	3,469
Excess (deficiency) of revenues over (under) expenditures	14,054	19,064	20,435	1,371
Other financing sources (uses):				
Transfers in	528	528	544	16
Transfers out	(16,510)	(22,010)	(20,110)	1,900
	(15,982)	(21,482)	(19,566)	1,916
Net change in fund balances	\$ (1,928)	(2,418)	869	3,287

See accompanying independent auditors' report.

City of St. Louis, Missouri
Debt Service Fund – Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual
Year ended June 30, 2016
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 6,575	6,575	6,635	60
Licenses and permits	—	—	—	—
Intergovernmental	—	—	—	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	2	2	(2)	(4)
Miscellaneous	—	—	—	—
Total revenues	<u>6,577</u>	<u>6,577</u>	<u>6,633</u>	<u>56</u>
Expenditures:				
Current:				
General government	—	85	85	—
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	—	—	—	—
Streets	—	—	—	—
Public safety:				
Fire	—	—	—	—
Police	—	—	—	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	—	—	—	—
Capital outlay	—	—	—	—
Debt service	4,824	5,087	5,082	5
Total expenditures	<u>4,824</u>	<u>5,172</u>	<u>5,167</u>	<u>5</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,753</u>	<u>1,405</u>	<u>1,466</u>	<u>61</u>
Other financing sources (uses):				
Bond Proceeds	—	16,795	16,795	—
Premium on Bond	—	1,175	1,175	—
Payment to refunded bond escrow agent	—	(19,448)	(19,448)	—
Transfers in	—	—	2	2
Transfers out	—	—	—	—
	<u>—</u>	<u>(1,478)</u>	<u>(1,476)</u>	<u>2</u>
Net change in fund balances	<u>\$ 1,753</u>	<u>(73)</u>	<u>(10)</u>	<u>63</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Capital Projects Fund – Major Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual
Year ended June 30, 2016
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 23,370	23,370	24,056	686
Licenses and permits	—	—	—	—
Intergovernmental	630	630	630	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	—	—	—	—
Miscellaneous	667	667	183	(484)
Total revenues	24,667	24,667	24,869	202
Expenditures:				
Current:				
General government	898	556	—	556
Convention and tourism	—	—	—	—
Parks and recreation	3,897	4,374	1,144	3,230
Judicial	—	—	—	—
Streets	10,531	12,955	7,304	5,651
Public safety:	—	—	—	—
Fire	—	—	—	—
Police	—	—	—	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	12,918	12,447	2,437	10,010
Capital outlay	18,191	21,603	7,204	14,399
Debt service	21,734	21,721	20,210	1,511
Total expenditures	68,169	73,656	38,299	35,357
Excess (deficiency) of revenues over (under) expenditures	(43,502)	(48,989)	(13,430)	35,559
Other financing sources (uses):				
Sale of general fixed assets	—	—	—	—
Transfers in	18,831	21,581	22,435	854
Transfers out	(4,327)	(4,340)	(4,159)	181
	14,504	17,241	18,276	1,035
Net change in fund balances	\$ (28,998)	(31,748)	4,846	36,594

See accompanying independent auditors' report.

City of St. Louis, Missouri
Schedule of Reconciling Items Between Change in Fund Balances—Budget Basis and Change in Fund Balances—GAAP Basis
Year ended June 30, 2016
(dollars in thousands)

	Use Tax	Transportation	Convention and Tourism	Licensed Gaming Program	Assessor's Office	Lateral Sewer Program	Public Safety Trust Fund	Public Safety Sales Tax	Parks and Recreation	Other Budgeted Special Revenue	Debt Service Fund	Capital Projects Fund
Net change in fund balances—budget basis	\$ (1,571)	—	—	(452)	—	205	(82)	582	77	869	(10)	4,846
Differences—budget to GAAP:												
Revenues are recorded when received in cash on a budget basis. However, revenues are recorded when measurable and available on a GAAP basis.	(167)	39	(125)	(3)	—	(8)	(5)	(26)	(4)	(1,846)	(13)	(30)
Expenditures are recorded when paid in cash on a budget basis. However, expenditures are recorded when the obligation is incurred on a GAAP basis.	(617)	—	—	1	(29)	(307)	(17)	51	(54)	1,753	(40)	(726)
Certain activities and accounts, which are included within the funds on a GAAP basis, are not included within the annual operating budgets adopted by the Board of Alderman.	—	—	—	—	—	—	—	—	—	—	—	5,600
Net change in fund balances—GAAP basis	\$ <u>(2,355)</u>	<u>39</u>	<u>(125)</u>	<u>(454)</u>	<u>(29)</u>	<u>(110)</u>	<u>(104)</u>	<u>607</u>	<u>19</u>	<u>776</u>	<u>(63)</u>	<u>9,690</u>

See accompanying independent auditors' report.

Internal Service Funds

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.

Public Facilities Protection Corporation – Used to account for payment of workers' compensation and various other claims against legal actions on behalf of other funds.

Mailroom Services – Used to account for mail handling services provided to other funds.

Health – Used to account for payment of prescription drug claims for participants.

Equipment Services – Used to account for fuel services provided to other funds.

City of St. Louis, Missouri
Combining Statement of Net Position
Internal Service Funds
June 30, 2016
(dollars in thousands)

	Public Facilities Protection Corporation	Mailroom Services	Health	Equipment Services	Total
Assets					
Current assets:					
Cash and cash equivalents – unrestricted	\$ 4,096	4	2,908	365	7,373
Investments – unrestricted	—	1	801	100	902
Receivables, net of allowances:					
Charges for services	—	—	1,316	—	1,316
Miscellaneous	98	—	—	—	98
Prepaid assets	1,754	47	—	—	1,801
Due from other funds	5,895	5	450	335	6,685
Due from component unit	—	3	—	—	3
Advance from other funds	37,914	—	—	—	37,914
Total current assets	<u>49,757</u>	<u>60</u>	<u>5,475</u>	<u>800</u>	<u>56,092</u>
Noncurrent assets:					
Capital assets	—	123	—	—	123
Less accumulated depreciation	<u>—</u>	<u>(94)</u>	<u>—</u>	<u>—</u>	<u>(94)</u>
Total capital assets (net of accumulated depreciation)	<u>—</u>	<u>29</u>	<u>—</u>	<u>—</u>	<u>29</u>
Total assets	<u>49,757</u>	<u>89</u>	<u>5,475</u>	<u>800</u>	<u>56,121</u>
Liabilities					
Current liabilities:					
Accounts payable and accrued liabilities	—	45	3	189	237
Due to other funds	—	—	—	—	—
Claims payable	<u>49,757</u>	<u>—</u>	<u>1,394</u>	<u>—</u>	<u>51,151</u>
Total current liabilities	<u>49,757</u>	<u>45</u>	<u>1,397</u>	<u>189</u>	<u>51,388</u>
Total liabilities	<u>49,757</u>	<u>45</u>	<u>1,397</u>	<u>189</u>	<u>51,388</u>
Net Position					
Net investment in capital assets	—	29	—	—	29
Unrestricted	<u>—</u>	<u>15</u>	<u>4,078</u>	<u>611</u>	<u>4,704</u>
Total net position	<u>\$ —</u>	<u>44</u>	<u>4,078</u>	<u>611</u>	<u>4,733</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
Year ended June 30, 2016
(dollars in thousands)

	Public Facilities Protection Corporation	Mailroom Services	Health	Equipment Services	Total
Operating revenues:					
Charges for services	\$ 17,776	535	10,975	3,517	32,803
Miscellaneous	(265)	—	—	—	(265)
Total operating revenues	17,511	535	10,975	3,517	32,538
Operating expenses:					
Claims incurred	14,959	—	8,817	—	23,776
Premiums	2,552	—	—	—	2,552
Personnel services	—	300	—	—	300
Material and supplies	—	280	—	3,508	3,788
Depreciation	—	8	—	—	8
Total operating expenses	17,511	588	8,817	3,508	30,424
Operating income (loss)	—	(53)	2,158	9	2,114
Nonoperating revenues (expenses):					
Investment income (loss)	—	—	2	—	2
Total nonoperating revenues (expenses), net	—	(53)	2	—	2
Income (loss) before capital contributions	—	(53)	2,160	9	2,116
Changes in net position	—	(53)	2,160	9	2,116
Net position – beginning of year	—	97	1,918	602	2,617
Net position – end of year	\$ —	44	4,078	611	4,733

See accompanying independent auditors' report.

City of St. Louis, Missouri
Combining Statement of Cash Flows
Internal Service Funds
Year ended June 30, 2016
(dollars in thousands)

	Public Facilities Protection Corporation	Mailroom Services	Health	Equipment Services	Total
Cash flows from operating activities:					
Receipts from interfund services provided	\$ 20,314	535	9,548	3,591	33,988
Payments to suppliers of goods and services	(18,411)	(280)	(8,105)	(3,636)	(30,432)
Payments to employees	—	(294)	—	—	(294)
Net cash provided by (used in) operating activities	1,903	(39)	1,443	(45)	3,262
Cash flows from investing activities:					
Purchase of investments	—	1	(681)	(73)	(753)
Net cash (used in) provided by investing activities	—	1	(681)	(73)	(753)
Net increase (decrease) in cash and cash equivalents	1,903	(38)	762	(118)	2,509
Cash and cash equivalents beginning of year	2,193	42	2,146	483	4,864
Cash and cash equivalents end of year	\$ 4,096	4	2,908	365	7,373
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ —	(53)	2,158	9	2,114
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	—	8	—	—	8
Change in assets and liabilities:					
Receivables, net	264	—	(1,316)	—	(1,052)
Due to/from other funds	(466)	—	(111)	74	(503)
Advance to other funds	3,003	—	—	—	3,003
Prepaid assets	(1,061)	—	—	—	(1,061)
Accounts payable and accrued liabilities	—	6	3	(128)	(119)
Claims payable	163	—	709	—	872
Total adjustments	1,903	14	(715)	(54)	1,148
Net cash provided by (used in) operating activities	\$ 1,903	(39)	1,443	(45)	3,262

See accompanying independent auditors' report.

Pension Trust Funds

Pension trust funds are used to account for the activity of the three public employee retirement systems for which the City acts as a trustee.

Firemen's System – The frozen single employer public employee retirement system fund used to account for the accumulation of resources to be used for the pension and other benefit payments for City firefighters.

Firefighters' Plan - A single employer public employee retirement system fund used to account for the accumulation of resources to be used for the pension and other benefit payments for City firefighters replacing the Firemen's System.

Police System – A single employer public employee retirement system fund used to account for the accumulation of resources to be used for pension and other benefit payments for City police officers.

Employees' System – A multi-employer public employee retirement system used to account for the accumulation of resources to be used for pension and other benefit payments for employees of the City (excluding firefighters and police officers) and other anticipating governmental agencies. City employees account for greater than 99% of total plan participants.

City of St. Louis, Missouri
Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2016
(dollars in thousands)

	Firemen's System (as of September 30, 2015*)	Firefighter's Plan (as of September 30, 2015*)	Police System (as of September 30, 2015*)	Employees' System (as of September 30, 2015*)	Total (as of September 30, 2015*)
Assets					
Current assets:					
Cash and cash equivalents – unrestricted	\$ 3,590	65	7,277	411	11,343
Investments – unrestricted:					
Bonds	27,621	5,783	79,189	87,580	200,173
Domestic bond funds	—	—	—	78,530	78,530
Stocks	189,424	22,267	182,060	157,597	551,348
Mortgage-backed securities	—	—	20,065	—	20,065
Collective investment funds	115,137	—	206,125	—	321,262
Real estate equities and investment trust	59,024	—	29,919	86,804	175,747
Investment property	—	—	850	—	850
Hedge funds	49,671	—	31,320	74,517	155,508
Money market mutual funds and other short term investments	8,112	3,613	42,362	5,582	59,669
Managed master limited partnership	—	—	87,005	67,543	154,548
Managed international equity funds	—	—	—	169,246	169,246
Total investments	448,989	31,663	678,895	727,399	1,886,946
Securities lending collateral	—	—	—	2,198	2,198
Receivables, net of allowances:					
Contributions	—	—	—	134	134
Accrued interest	972	34	1,027	748	2,781
Due from Firemen's Retirement System	—	1,124	—	—	1,124
Other	904	166	575	—	1,645
Capital assets, net	554	164	346	—	1,064
Total assets	455,009	33,216	688,120	730,890	1,907,235
Deferred Outflows of Resources					
System's staff pension related	77	36	26	—	139
Total deferred outflows of resources	77	36	26	—	139
Total assets and deferred outflows of resources	455,086	33,252	688,146	730,890	1,907,374
Liabilities					
Accounts payable and accrued liabilities	503	44	871	662	2,080
Deposits held for others	—	—	109	—	109
Securities lending collateral liability	—	—	—	2,198	2,198
Due to The Firefighter's Retirement Plan	1,287	—	—	—	1,287
Other liabilities	1,421	3,430	2,243	—	7,094
Total liabilities	3,211	3,474	3,223	2,860	12,768
Deferred Inflows of Resources					
System's staff pension related	13	2	28	33	76
Total deferred inflows of resources	13	2	28	33	76
Total liabilities and deferred inflows of resources	3,224	3,476	3,251	2,893	12,844
Net position					
Net position restricted for pension benefits	\$ 451,862	29,776	684,895	727,997	1,894,530

*See note 10.

See accompanying independent auditors' report.

City of St. Louis, Missouri
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
Year ended June 30, 2016
(dollars in thousands)

	Firemen's System (as of September 30, 2015*)	Firefighter's Plan (as of September 30, 2015*)	Police System (as of September 30, 2015*)	Employees' System (as of September 30, 2015*)	Total (as of September 30, 2015*)
Additions:					
Contributions:					
Member	\$ —	2,829	4,202	232	7,263
Employer	—	7,435	30,886	35,494	73,815
Investment income:					
Interest and dividends	6,819	443	12,132	9,514	28,908
Net (depreciation) in fair value of investments	(15,617)	(1,265)	(17,151)	(34,463)	(68,496)
Investment loss	(8,798)	(822)	(5,019)	(24,949)	(39,588)
Less investment expense	(2,282)	(21)	(3,306)	(3,487)	(9,096)
Net investment loss	(11,080)	(843)	(8,325)	(28,436)	(48,684)
Total additions	(11,080)	9,421	26,763	7,290	32,394
Deductions:					
Benefits	33,865	149	67,108	59,066	160,188
Refunds of contributions	1,294	114	2,425	—	3,833
Administrative expense	1,594	313	1,125	722	3,754
Total deductions	36,753	576	70,658	59,788	167,775
Increase(decrease) before transfer	(47,833)	8,845	(43,895)	(52,498)	(135,381)
Transfer in	—	1,071	—	—	1,071
Transfer out	(1,071)	—	—	—	(1,071)
Net increase(decrease)	(48,904)	9,916	(43,895)	(52,498)	(135,381)
Net position restricted for pension benefits:					
Beginning of year, as previously reported	500,915	19,860	729,065	780,495	2,030,335
Effect of recording net pension liability System's staff pension related(note 10)	(149)	—	(275)	—	(424)
Beginning of year, adjusted	500,766	19,860	728,790	780,495	2,029,911
End of year	\$ 451,862	29,776	684,895	727,997	1,894,530

*See note 10.

See accompanying independent auditors' report.

Agency Funds

Agency funds are used to account for assets which the City holds on behalf of other entities. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Collector of Revenue – Used to account for the receipt and disbursement of various taxes and other charges that are collected by the Collector of Revenue and remitted to various City funds and other governmental agencies that levy taxes on residents of the City and on corporations located within the City limits and the employees.

Property Tax Escrow – Used to account for property taxes paid under protest whose disposition is still pending and duplicate payments of property taxes which have not been claimed.

General Insurance – Used to control funds for payroll withholdings and other City deposits to be used for the payment of insurance premiums due from employees and the City.

Bail Bonds – Used to account for bail bonds deposited by court defendants. The bonds are held until court orders are issued to refund the bonds to the defendants or others.

License Collector – Used to account for the receipt and disbursement of municipal manufacturer's and hotel taxes that are collected by the License Collector and remitted to various City funds and other governmental agencies.

Circuit Clerk – Used to account for funds held in a fiduciary capacity by the Circuit Clerk's Office. These funds include various litigation fees, garnishments, and bail bonds, in addition to funds related to the parent locator program.

Police Agency – Used to account for funds held for police athletic league.

Other Agency – Used to account for contracts and other deposits, union dues, land auction sales, circuit attorney and probate court funds.

City of St. Louis, Missouri
Combining Statement of Fiduciary Net Assets
Agency Funds
June 30, 2016
(dollars in thousands)

	Collector of Revenue	Property Tax Escrow	General Insurance	Bail Bonds	License Collector	Circuit Clerk	Police Agency	Other Agency	Total
ASSETS									
Cash and cash equivalents—unrestricted	\$ 1,784	1,123	—	454	2,667	5,949	2,538	10,990	25,505
Cash and cash equivalents—restricted	—	—	—	—	—	2,471	—	—	2,471
Receivables, net of allowances:									
Taxes	19,184	—	—	—	—	—	—	—	19,184
Other	—	—	1,951	—	—	—	—	—	1,951
Total assets	<u>20,968</u>	<u>1,123</u>	<u>1,951</u>	<u>454</u>	<u>2,667</u>	<u>8,420</u>	<u>2,538</u>	<u>10,990</u>	<u>49,111</u>
LIABILITIES									
Accounts payable and accrued liabilities	—	—	1,951	—	—	—	—	6,599	8,550
Deposits held for others	—	1,123	—	454	1,981	6,888	238	3,449	14,133
Due to other governmental agencies	<u>20,968</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>686</u>	<u>1,532</u>	<u>2,300</u>	<u>942</u>	<u>26,428</u>
Total liabilities	<u>20,968</u>	<u>1,123</u>	<u>1,951</u>	<u>454</u>	<u>2,667</u>	<u>8,420</u>	<u>2,538</u>	<u>10,990</u>	<u>49,111</u>
NET ASSETS	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Combining Statement of Changes in
Assets and Liabilities—Agency Funds
For the Year ended June 30, 2016
(dollars in thousands)

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<u>Collector of Revenue</u>				
Assets:				
Cash and cash equivalents—unrestricted	\$ 2,454	379,249	(379,919)	1,784
Receivables, net of allowances—taxes	22,315	3,358	(6,489)	19,184
Total assets	<u>\$ 24,769</u>	<u>382,607</u>	<u>(386,408)</u>	<u>20,968</u>
Liabilities—due to other governmental agencies	24,769	382,606	(386,407)	20,968
Total liabilities	<u>\$ 24,769</u>	<u>382,606</u>	<u>(386,407)</u>	<u>20,968</u>
<u>Property Tax Escrow</u>				
Assets—cash and cash equivalents—unrestricted	\$ 1,673	4,309	(4,859)	1,123
Liabilities—deposits held for others	\$ 1,673	4,309	(4,859)	1,123
<u>General Insurance</u>				
Assets:				
Cash and cash equivalents—unrestricted	\$ —	36,665	(36,665)	—
Receivables, net of allowances—other	1,741	1,951	(1,741)	1,951
Total assets	<u>\$ 1,741</u>	<u>38,616</u>	<u>(38,406)</u>	<u>1,951</u>
Liabilities—accounts payable and accrued liabilities	\$ 1,741	38,616	(38,406)	1,951
<u>Bail Bonds</u>				
Assets—cash and cash equivalents—unrestricted	\$ 510	475	(531)	454
Liabilities—deposits held for others	\$ 510	475	(531)	454
<u>License Collector</u>				
Assets—cash and cash equivalents—unrestricted	\$ 3,651	19,723	(20,707)	2,667
Liabilities:				
Deposits held for others	2,707	99	(825)	1,981
Due to other governmental agencies	944	19,624	(19,882)	686
Total liabilities	<u>\$ 3,651</u>	<u>19,723</u>	<u>(20,707)</u>	<u>2,667</u>
<u>Circuit Clerk</u>				
Assets:				
Cash and cash equivalents—unrestricted	\$ 3,010	22,844	(19,905)	5,949
Cash and cash equivalents—restricted	2,437	311	(277)	2,471
Total assets	<u>\$ 5,447</u>	<u>23,155</u>	<u>(20,182)</u>	<u>8,420</u>
Liabilities:				
Deposits held for others	4,409	19,311	(16,832)	6,888
Due to other governmental agencies	1,038	3,844	(3,350)	1,532
Total liabilities	<u>\$ 5,447</u>	<u>23,155</u>	<u>(20,182)</u>	<u>8,420</u>
<u>Police Agency</u>				
Assets:				
Cash and cash equivalents—unrestricted	\$ 3,362	715	(1,539)	2,538
Total assets	<u>\$ 3,362</u>	<u>715</u>	<u>(1,539)</u>	<u>2,538</u>

City of St. Louis, Missouri
Combining Statement of Changes in
Assets and Liabilities—Agency Funds
For the Year ended June 30, 2016
(dollars in thousands)

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Liabilities:				
Deposits held for others	205	303	(270)	238
Due to other governmental agencies	3,157	412	(1,269)	2,300
Total liabilities	\$ 3,362	715	(1,539)	2,538
<u>Other Agency</u>				
Assets:				
Cash and cash equivalents—unrestricted	\$ 7,490	41,864	(38,364)	10,990
Total assets	\$ 7,490	41,864	(38,364)	10,990
Liabilities:				
Accounts payable and accrued liabilities	2,772	5,681	(1,854)	6,599
Deposits held for others	3,420	7,495	(7,466)	3,449
Due to other governmental agencies	1,298	28,688	(29,044)	942
Total liabilities	\$ 7,490	41,864	(38,364)	10,990
<u>Total—All Agency Funds</u>				
Assets:				
Cash and cash equivalents—unrestricted	\$ 22,150	505,844	(502,489)	25,505
Cash and cash equivalents—restricted	2,437	311	(277)	2,471
Receivables, net of allowances:				
Taxes	22,315	3,358	(6,489)	19,184
Other	1,741	1,951	(1,741)	1,951
Total assets	\$ 48,643	511,464	(510,996)	49,111
Liabilities:				
Accounts payable and accrued liabilities	4,513	44,297	(40,260)	8,550
Deposits held for others	12,924	31,992	(30,783)	14,133
Due to other governmental agencies	31,206	435,174	(439,952)	26,428
Total liabilities	\$ 48,643	511,463	(510,995)	49,111

See accompanying independent auditors' report.

STATISTICAL SECTION

This part of the City of St. Louis' (the City's) comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about The City's overall financial health.

Contents	Table Numbers
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Primary Government:

Financial Trends	1-4
<i>These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	5-10
<i>These tables contain information to help the reader assess the City's most significant local revenue sources.</i>	
Debt Capacity	11-15
<i>These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	16
<i>These tables offer demographic and economic indicators to help the reader understand the environment with which the City's financial activities take place.</i>	
Operating Information	17-20
<i>These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Table 1
CITY OF ST. LOUIS, MISSOURI
Net Position by Component
Last Ten Fiscal Years
(dollars in thousands)
(accrual basis of accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Primary government:										
Governmental activities:										
Net investments in capital assets	\$ 522,729	545,075	534,961	502,818	495,977	472,165	453,220	510,743	496,341	410,429
Restricted	27,314	25,783	32,344	30,799	31,822	34,179	29,390	32,784	29,855	103,898
Unrestricted	<u>(1,119,296)</u>	<u>(1,044,723)</u>	<u>(717,233)</u>	<u>(494,518)</u>	<u>(443,552)</u>	<u>(407,047)</u>	<u>(392,115)</u>	<u>(366,224)</u>	<u>(312,367)</u>	<u>(253,168)</u>
Total governmental activities net position	<u>(569,253)</u>	<u>(473,865)</u>	<u>(149,928)</u>	<u>39,099</u>	<u>84,247</u>	<u>99,297</u>	<u>90,495</u>	<u>177,303</u>	<u>213,829</u>	<u>261,159</u>
Business-type activities:										
Net investments in capital assets	918,588	1,055,441	1,033,787	1,033,922	1,014,901	1,075,403	1,071,899	1,094,296	1,058,030	1,072,894
Restricted	277,199	138,598	148,170	149,699	150,661	166,462	163,449	137,995	142,619	135,993
Unrestricted	<u>118,178</u>	<u>108,841</u>	<u>108,851</u>	<u>104,834</u>	<u>100,521</u>	<u>18,072</u>	<u>23,375</u>	<u>10,456</u>	<u>23,349</u>	<u>31,001</u>
Total business-type activities net position	<u>1,313,965</u>	<u>1,302,880</u>	<u>1,290,808</u>	<u>1,288,455</u>	<u>1,266,083</u>	<u>1,259,937</u>	<u>1,258,723</u>	<u>1,242,747</u>	<u>1,223,998</u>	<u>1,239,888</u>
Total primary government:										
Net investments in capital assets	1,441,317	1,055,441	1,568,748	1,536,740	1,510,878	1,547,568	1,525,119	1,605,039	1,554,371	1,483,323
Restricted	304,513	138,598	180,514	180,498	182,483	200,641	192,839	170,779	172,474	239,891
Unrestricted	<u>(1,001,118)</u>	<u>(365,024)</u>	<u>(608,382)</u>	<u>(389,684)</u>	<u>(343,031)</u>	<u>(388,975)</u>	<u>(368,740)</u>	<u>(355,768)</u>	<u>(289,018)</u>	<u>(222,167)</u>
Total primary government net position	<u>\$ 744,712</u>	<u>829,015</u>	<u>1,140,880</u>	<u>1,327,554</u>	<u>1,350,330</u>	<u>1,359,234</u>	<u>1,349,218</u>	<u>1,420,050</u>	<u>1,437,827</u>	<u>1,501,047</u>

Source: Basic financial statements.

Table 2
CITY OF ST. LOUIS, MISSOURI
Changes in Net Position
Last Ten Fiscal Years
(dollars in thousands)

(accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses:										
Governmental activities:										
General government	\$ 66,403	58,679	94,791	73,204	72,063	79,871	84,330	85,680	74,166	91,822
Convention and tourism	5,789	5,775	5,711	5,513	4,979	4,563	4,507	4,504	4,468	4,352
Parks and recreation	31,390	30,111	31,765	30,818	28,529	29,416	32,778	33,431	31,335	28,130
Judicial	51,085	50,730	52,009	52,232	50,931	52,362	54,880	56,159	50,684	46,990
Streets	75,707	73,452	69,584	68,402	70,420	66,952	66,263	63,646	62,566	58,606
Public safety:										
Fire	88,008	64,658	86,085	75,460	69,062	66,637	67,334	70,572	69,668	56,405
Police	226,537	202,080	209,762	138,028	140,815	139,010	141,805	146,955	143,452	138,871
Police pension				28,492	19,854	17,949	14,902	8,196	12,914	—
Other	60,647	58,714	59,323	61,264	59,068	52,182	55,980	60,020	63,687	59,984
Health and welfare	57,112	54,071	49,602	61,162	52,092	50,468	51,552	54,223	45,732	45,630
Public service	79,451	78,021	76,863	62,301	71,458	65,898	59,980	59,218	70,007	73,145
Community development	82,459	65,499	35,238	77,530	80,184	68,123	76,264	61,859	60,611	78,788
Interest and fiscal charges	60,049	60,580	58,009	57,674	59,750	58,612	57,933	54,684	49,963	36,024
Total governmental activities expenses	884,637	802,370	828,742	792,080	779,205	752,043	768,508	759,147	739,253	718,747
Business-type activities:										
Airport	165,756	160,233	175,058	173,968	171,574	187,449	181,775	175,758	215,691	178,110
Water division	49,726	46,799	50,184	45,799	43,637	44,530	43,479	47,500	45,157	42,395
Parking division	15,253	13,851	14,043	13,558	13,229	13,141	13,514	14,352	14,560	12,423
Total business-type activities expenses	230,735	220,883	239,285	233,325	228,440	245,120	238,768	237,610	275,408	232,928
Total primary government expenses	\$ 1,115,372	1,023,253	1,068,027	1,025,405	1,007,645	997,163	1,007,276	996,757	1,014,661	951,675
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 42,132	32,455	34,783	33,375	36,697	37,767	39,340	37,706	35,060	39,757
Convention and tourism	—	—	—	—	8	19	18	19	—	16
Parks and recreation	5,328	4,611	5,979	2,958	7,314	4,378	4,419	4,516	2,662	9,126
Judicial	9,746	12,042	23,076	21,542	18,996	20,524	20,791	18,952	18,894	14,855
Streets	27,330	26,898	26,110	26,012	27,514	34,842	17,644	17,734	15,621	17,184
Public safety:										
Fire	10,246	12,562	9,553	18,887	8,181	8,088	7,677	7,669	6,718	7,416
Police	4,051	6,228	5,260							
Other	23,533	21,376	20,639	19,537	19,218	17,527	19,022	19,632	18,635	22,797
Health and welfare	1,073	875	1,631	1,041	992	1,255	591	494	944	418
Public service	5,977	6,974	6,037	2,906	5,265	309	1,487	253	6,320	5,530
Community development	** 7,076	5,907	4,412	5,332	5,367	4,819	4,528	5,524	5,273	—
Operating grants and contributions	67,052	60,792	57,173	64,782	71,513	75,281	98,270	73,563	72,860	75,994
Capital grants and contributions	6,524	7,987	5,628	14,882	31,623	33,666	7,548	12,726	14,306	14,232
Total governmental activities program revenues	210,068	198,707	200,281	211,254	232,688	238,475	221,335	198,788	197,293	207,325
Business-type activities:										
Charges for services:										
Airport	162,837	164,745	165,927	164,606	157,154	149,438	160,378	159,061	163,460	155,295
Water Division	57,494	56,399	56,647	56,902	58,631	56,039	50,983	48,709	45,635	44,130
Parking Division	17,113	16,129	15,804	14,657	14,999	13,813	12,428	13,897	15,890	14,155
Operating grants and contributions	692	1,277	706	751	1,069	1,513	1,615	2,683	4,348	2,643
Capital grants and contributions	9,378	23,627	16,726	21,615	10,050	8,267	31,815	35,122	28,123	44,633
Total business-type activities program revenues	247,514	260,177	255,810	258,531	241,903	229,070	257,219	259,472	257,456	260,856
Total primary government program revenues	\$ 457,582	458,884	456,091	469,785	474,591	467,545	478,554	458,260	454,749	468,181

** Fiscal years 2008 and 2009 Community development revenues reflect TIF revenues previously reported under General government in prior fiscal years.

Table 2
CITY OF ST. LOUIS, MISSOURI
Changes in Net Position
Last Ten Fiscal Years
(dollars in thousands)

(accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net program (expense) revenue:										
Governmental activities	\$ (674,569)	(603,663)	(628,461)	(580,826)	(546,517)	(513,568)	(547,173)	(560,359)	(541,960)	(511,422)
Business-type activities	16,779	39,294	16,525	25,206	13,463	(16,050)	18,451	21,862	(17,952)	27,928
Total primary government net expense	\$ (657,790)	(564,369)	(611,936)	(555,620)	(533,054)	(529,618)	(528,722)	(538,497)	(559,912)	(483,494)
General revenues and other changes in net position:										
Governmental activities:										
Taxes										
Property taxes, levied for general purpose	\$ 82,397	77,365	75,136	73,234	68,531	66,767	67,291	67,562	62,424	62,333
Property taxes, levied for debt service	6,251	6,406	6,661	7,140	5,909	7,669	6,463	4,810	6,285	6,197
Sales tax	179,362	175,581	173,018	157,302	164,174	155,708	142,295	143,972	134,476	127,664
Earnings/payroll taxes	204,013	203,251	202,022	189,762	186,068	178,571	172,450	181,214	181,812	169,822
Gross receipt taxes (includes franchise tax)	91,778	92,160	97,344	94,721	93,587	97,327	90,291	108,178	84,652	75,378
Miscellaneous taxes	4,791	4,485	4,977	3,784	4,504	4,080	3,902	3,712	4,035	6,237
Unrestricted investment earnings	632	381	364	265	470	953	886	6,001	12,159	12,094
Gain/loss on sale of capital assets	—	—	—	—	(1,142)	2,528	62	83	47	(324)
Transfers	9,957	9,619	9,431	9,470	9,366	8,767	7,317	8,301	8,740	7,885
Total governmental activities	579,181	569,248	568,953	535,678	531,467	522,370	490,957	523,833	494,630	467,286
Business-type activities:										
Unrestricted investment earnings	3,585	2,956	1,818	2,336	2,049	2,941	3,878	5,188	10,776	12,522
Gain/loss on sale of capital assets	—	—	4,872	—	—	4	553	—	26	(78,105)
Extraordinary item – Natural disaster	678	1,737	2,730	4,300	—	23,086	—	—	—	—
Transfers	(9,957)	(9,619)	(9,431)	(9,470)	(9,366)	(8,767)	(6,906)	(8,301)	(8,740)	(7,885)
Total business-type activities	(5,694)	(4,926)	(11)	(2,834)	(7,317)	17,264	(2,475)	(3,113)	2,062	(73,468)
Total primary government	\$ 573,487	564,322	568,942	532,844	524,150	539,634	488,482	520,720	496,692	393,818
Change in net position:										
Governmental activities:	\$ (95,388)	(34,415)	(59,508)	(45,148)	(15,050)	8,802	(56,216)	(36,526)	(47,330)	(44,136)
Business-type activities	11,085	34,368	16,514	22,372	6,146	1,214	15,976	18,749	(15,890)	(45,540)
Total primary government	\$ (84,303)	(47)	(42,994)	(22,776)	(8,904)	10,016	(40,240)	(17,777)	(63,220)	(89,676)

Source: Basic financial statements.

Table 3
CITY OF ST. LOUIS, MISSOURI
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(dollars in thousands)
(modified accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General fund:										
Nonspendable	\$ 3,768	2,425	2,537	—	—	—	*	*	*	*
Restricted	13,532	14,852	16,008	14,784	16,755	16,723	*	*	*	*
Committed	10,136	9,134	8,054	8,054	8,063	6,895	*	*	*	*
Assigned	—	3,938	6,521	6,043	1,509	1,055	*	*	*	*
Unassigned	(5,150)	(1,696)	2,605	25,777	29,543	24,675	*	*	*	*
Reserved	—	—	—	—	—	—	31,284	26,484	21,150	21,079
Unreserved	—	—	—	—	—	—	22,132	35,570	33,721	53,649
Total general fund	<u>\$ 22,286</u>	<u>28,653</u>	<u>35,725</u>	<u>54,658</u>	<u>55,870</u>	<u>49,348</u>	<u>53,416</u>	<u>62,054</u>	<u>54,871</u>	<u>74,728</u>
All other governmental funds:										
Nonspendable	\$ 11	11	14	11	11	11	*	*	*	*
Restricted	93,231	84,500	96,160	71,117	79,573	131,102	*	*	*	*
Committed	70,387	64,075	65,536	57,127	54,553	54,678	*	*	*	*
Assigned	4,770	6,379	5,053	4,473	1,837	3,200	*	*	*	*
Unassigned	(18,057)	(18,227)	(24,025)	(24,648)	(20,103)	(26,752)	*	*	*	*
Reserved	—	—	—	—	—	—	181,410	173,407	191,062	76,378
Unreserved, reported in:										
Special revenue funds	—	—	—	—	—	—	19,342	30,104	42,304	56,508
Capital projects funds	—	—	—	—	—	—	(13,961)	(10,689)	(9,253)	12,724
Total all other governmental funds	<u>\$ 150,342</u>	<u>136,738</u>	<u>142,738</u>	<u>108,080</u>	<u>115,871</u>	<u>162,239</u>	<u>186,791</u>	<u>192,822</u>	<u>224,113</u>	<u>145,610</u>

* Effective July 1, 2011 the City adopted GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Source: Basic financial statements.

Table 4
CITY OF ST. LOUIS, MISSOURI
Changes In Fund Balances, Governmental Funds
Last Ten Fiscal Years
(dollars in thousands)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Taxes	\$ 564,488	556,593	557,487	524,428	519,852	510,150	480,082	506,228	473,646	439,436
Licenses, fees and permits	26,947	26,743	26,004	24,359	21,259	21,716	24,214	22,238	22,208	24,395
Intergovernmental	100,946	97,684	88,069	107,289	130,079	138,141	117,084	116,693	119,197	123,119
Charges for services, net	51,048	47,222	49,867	52,347	46,166	44,659	30,906	28,316	28,752	29,592
Court fines and forfeitures	4,009	4,916	10,810	11,022	12,103	10,848	11,558	11,127	10,000	8,434
Investment income	632	381	364	265	470	953	886	6,001	12,159	12,094
Interfund services provided	4,488	858	3,464	5,531	4,293	4,631	3,043	6,354	3,868	4,094
Miscellaneous	20,915	19,234	19,584	13,514	17,651	15,845	15,987	12,865	13,902	14,303
Total revenues	773,473	753,631	755,649	738,755	751,873	746,943	683,760	709,822	683,732	655,467
Expenditures:										
General government	59,708	65,648	84,648	63,980	60,942	67,400	77,906	80,226	101,622	53,066
Convention and tourism	124	126	123	116	150	189	176	198	201	154
Parks and recreation	25,805	25,169	26,553	25,689	23,885	25,153	27,357	29,827	27,966	25,129
Judicial	51,026	50,058	51,491	51,849	50,821	52,498	53,985	55,222	50,806	46,633
Streets	42,743	40,645	37,867	37,378	40,772	39,498	37,356	37,500	38,086	35,320
Public Safety:										
Fire	67,229	68,415	74,261	71,595	69,887	68,518	66,590	62,010	115,605	53,547
Police	183,337	179,129	176,089	138,004	140,815	139,010	141,805	146,955	143,452	138,871
Police-pension	*	—	—	28,492	19,719	17,949	14,783	8,072	43,618	—
Other	60,407	58,242	58,736	60,178	58,741	51,899	54,653	57,443	62,743	59,253
Health and welfare	56,859	53,808	49,207	60,709	51,855	50,127	51,230	53,441	45,379	45,067
Public service	78,689	77,334	76,211	61,519	70,840	65,916	59,315	58,594	70,095	72,991
Community development	82,459	65,499	35,238	77,530	80,184	68,123	76,264	63,220	60,710	79,351
Capital outlay	38,322	31,560	35,444	36,914	90,065	94,653	51,175	67,615	51,103	43,591
Debt service:										
Principal	55,697	65,602	—	55,209	54,952	58,091	46,721	41,759	46,484	39,008
Interest and fiscal charges	53,768	48,510	64,316	47,154	47,256	46,283	54,555	47,350	44,741	29,865
Cost of issuance	—	—	44,375	—	—	—	—	1,290	—	—
Advance refunding escrow	2,380	—	—	—	—	—	1,178	—	—	—
Total expenditures	858,553	829,745	814,559	816,316	860,884	845,307	815,049	810,722	902,611	721,846
Deficiency of revenues over expenditures	(85,080)	(76,114)	(58,910)	(77,561)	(109,011)	(98,364)	(131,289)	(100,900)	(218,879)	(66,379)

* Police pension expenses under Governmental activities were reclassified in fiscal years 2008 and 2009. In prior fiscal years, this expense was included in Public Safety-Other. See accompanying notes to basic financial statements.

Table 4
CITY OF ST. LOUIS, MISSOURI
Changes In Fund Balances, Governmental Funds
Last Ten Fiscal Years
(dollars in thousands)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Other financing sources (uses):										
Sale of capital assets	\$ —	1,849	207	3	345	3,216	62	83	47	175
Issuance of note payable	—	—	—	—	—	—	—	9,068	—	—
Issuance of SLMFC Certificates of participation	—	5,195	—	—	—	—	—	9,100	—	—
Issuance of refunding bonds-revenue refunding bonds	—	—	—	—	49,825	2,690	—	—	—	—
Issuance of refunding bonds-leasehold revenue bonds	—	31,695	26,000	—	—	9,250	74,191	21,850	247,967	23,725
Issuance of contractual obligation with component unit	—	—	—	—	—	—	16,960	—	—	—
Premium on leasehold revenue bonds	49,441	—	1,471	1,890	4,038	145	396	—	653	4,178
Discount on leasehold revenue bonds	—	—	—	—	—	—	(384)	(525)	(3,965)	(467)
Proceeds from agreement with FPF	5,000	—	—	—	—	—	—	—	—	—
Issuance of general obligation bonds	16,795	—	—	—	—	—	—	—	—	—
Proceeds of general obligation bonds and revenue bonds	—	—	—	—	—	—	—	—	—	13,000
Premium on general obligation bonds and revenue bonds	5,434	3,782	—	—	—	—	—	—	—	—
Discount on general obligation bonds	—	—	—	—	—	—	—	—	—	—
Issuance of capital lease	—	—	16,605	—	2,384	11,150	704	5,600	1,478	10,014
Issuance of tax increment revenue notes	49,757	49,917	10,852	57,195	51,101	46,503	28,352	32,669	37,737	55,158
Payment of development and TIF notes	—	(3,442)	—	—	—	4,580	—	—	—	—
Discount on tax increment revenue bonds	—	(11)	—	—	—	—	—	—	—	—
Issuance of loan agreement	—	2,080	3,510	—	—	—	—	—	4,500	—
Issuance of joint venture financing agreement	—	—	—	—	—	—	—	—	—	49,585
Payment to refunded escrow agent-joint venture	—	—	—	—	—	—	—	—	—	(51,316)
Payment to refunded escrow agent-leasehold revenue bonds	(44,067)	(37,642)	—	—	(53,172)	(2,416)	(12,391)	—	(8,632)	(22,830)
Payment to refunded escrow agent-obligation with component unit	—	—	—	—	—	—	(9,354)	—	—	—
Payment of refunded escrow agent-capital lease	—	—	—	—	—	(11,931)	(341)	—	—	—
Fireman's Retirement EAN note proceeds	—	—	—	—	5,278	—	—	—	—	—
Advance refunding on TIF bonds and notes payable	—	—	—	—	—	—	(16,961)	—	(11,000)	(7,500)
Recovery of legal judgment	—	—	—	—	—	—	—	—	—	—
Receipt of redevelopment lease proceeds from component unit	—	—	—	—	—	—	18,006	—	—	—
Transfers in	65,731	61,946	68,121	62,143	62,920	53,467	58,575	50,849	40,569	41,613
Transfers out	(55,774)	(52,327)	(58,690)	(52,673)	(53,554)	(46,910)	(50,549)	(42,548)	(31,829)	(33,728)
Total other financing sources, net	92,317	63,042	68,076	68,558	69,165	69,744	116,620	76,792	277,525	81,607
Net change in fund balances	\$ 7,237	(13,072)	9,166	(9,003)	(39,846)	(28,620)	(14,669)	(24,108)	58,646	15,228
Debt service as a percentage of noncapital expenditures	13.3%	14.3%	8.3%	13.1%	13.3%	13.9%	13.3%	12.0%	10.7%	10.2%
Debt service expenditures	\$ 109,465	114,112	64,316	102,363	102,208	104,374	101,276	89,109	91,225	68,873
Non-capital expenditures	820,231	798,185	779,115	779,402	770,819	750,654	763,874	743,107	851,508	678,255

Source: Basic financial statements.

Table 5
CITY OF ST. LOUIS, MISSOURI
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Real Estate		Personal Property	Manufacturer's Machinery, Tools & Equipment	Less: Tax-Exempt Property	Total Taxable Assessed Value	Estimated Actual Taxable Value	Total Direct Tax Rate	Taxable Assessed Value to Estimated Actual Taxable Value
	Residential	Commercial							
2016	\$ 2,083,783	\$ 2,543,883	\$ 835,238	\$ 243,122	\$ 1,333,027	\$ 4,372,999	\$ 17,356,913	1.6158	25.2%
2015	1,980,203	2,599,573	810,313	255,068	1,343,072	4,302,085	17,033,118	1.6063	25.3%
2014	1,968,547	2,528,334	753,790	255,595	1,273,384	4,232,882	16,787,744	1.6092	25.2%
2013	2,161,657	2,452,348	737,422	216,902	1,195,359	4,372,970	17,614,380	1.4848	24.8%
2012	2,197,419	2,499,166	705,441	238,661	1,282,753	4,357,934	17,543,141	1.4691	24.8%
2011	2,281,376	2,542,399	723,739	221,519	1,281,865	4,487,168	18,126,314	1.4224	24.8%
2010	2,206,698	2,688,333	781,557	254,873	1,381,310	4,550,151	18,144,398	1.3601	25.1%
2009	2,256,467	2,440,325	861,837	287,366	1,162,841	4,683,154	18,841,886	1.3225	24.9%
2008	2,195,159	2,548,206	805,298	292,371	1,283,851	4,557,183	18,401,969	1.3451	24.8%
2007	1,798,234	2,318,384	767,274	286,014	1,277,160	3,892,746	15,486,668	1.4590	25.1%

Source: City of St. Louis Assessor's Office

NOTE:

Residential real property is assessed at 19% of estimated value, commercial at 32%, and agricultural at 12%; personal property and manufacturer's machinery, tools and equipment assessed at 33-1/3%.

A complete reassessment is made on personal property by the Assessor every year and every odd year for real property.

Table 6
CITY OF ST. LOUIS, MISSOURI
Property Tax Rates Per \$100 Assessed Value - Direct and Overlapping Governments
Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
City of St. Louis:										
Municipal purposes	0.9928	0.9833	0.9772	0.9071	0.9002	0.8639	0.8500	0.8161	0.8059	0.8811
County purposes	0.3500	0.3500	0.3500	0.3270	0.3247	0.3113	0.3064	0.2940	0.2903	0.3179
Hospital purposes	0.1000	0.1000	0.1000	0.0933	0.0926	0.0888	0.0874	0.0839	0.0829	0.0908
Public health purposes	0.0200	0.0200	0.0200	0.0187	0.0186	0.0178	0.0175	0.0168	0.0166	0.0182
Recreation purposes	0.0200	0.0200	0.0200	0.0187	0.0186	0.0178	0.0175	0.0168	0.0166	0.0182
Interest and public debt	0.1330	0.1330	0.1420	0.1200	0.1144	0.1228	0.0813	0.0949	0.1328	0.1328
Total City of St. Louis	<u>1.6158</u>	<u>1.6063</u>	<u>1.6092</u>	<u>1.4848</u>	<u>1.4691</u>	<u>1.4224</u>	<u>1.3601</u>	<u>1.3225</u>	<u>1.3451</u>	<u>1.4590</u>
Overlapping governments:										
State Blind Pension Fund	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	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	4.1743	3.9865	3.8943	3.8028	3.7533	4.0193
St. Louis Community College	0.2176	0.2200	0.2200	0.2200	0.2200	0.2179	0.2136	0.2013	0.2003	0.2233
Metropolitan St. Louis Sewer District	0.0876	0.0879	0.0874	0.0821	0.0818	0.0790	0.0000	0.0000	0.0667	0.0687
Sheltered Workshop District	0.1500	0.1500	0.1500	0.1460	0.1445	0.1372	0.1346	0.1295	0.1278	0.1386
St. Louis Public Library	0.5600	0.5600	0.5600	0.5814	0.5435	0.5208	0.5019	0.4938	0.4768	0.5171
Community Mental Health	0.0900	0.0900	0.0900	0.0876	0.0867	0.0823	0.0800	0.0777	0.0767	0.0832
Community Children's Service Fund	0.1900	0.1900	0.1900	0.1900	0.1900	0.1880	0.1827	0.1775	0.1752	0.1900
Metropolitan Zoological Park and Museum District:										
Zoological Subdistrict	0.0793	0.0800	0.0800	0.0769	0.0764	0.0727	0.0714	0.0671	0.0667	0.0746
Art Museum Subdistrict	0.0793	0.0800	0.0800	0.0769	0.0764	0.0727	0.0714	0.0671	0.0667	0.0746
Museum of Science and Natural History Subdistrict	0.0397	0.0399	0.0399	0.0382	0.0381	0.0364	0.0355	0.0334	0.0332	0.0373
Botanical Garden Subdistrict	0.0397	0.0399	0.0399	0.0382	0.0381	0.0364	0.0355	0.0334	0.0332	0.0373
Missouri History Museum Subdistrict	0.0397	0.0399	0.0399	0.0382	0.0381	0.0364	0.0355	0.0334	0.0332	0.0373
Total overlapping governments	<u>5.9740</u>	<u>5.9787</u>	<u>5.9782</u>	<u>6.0126</u>	<u>5.7379</u>	<u>5.4963</u>	<u>5.2864</u>	<u>5.1470</u>	<u>5.1398</u>	<u>5.5313</u>
Total City of St. Louis and overlapping governments	<u>\$ 7.5898</u>	<u>\$ 7.5850</u>	<u>\$ 7.5874</u>	<u>\$ 7.4974</u>	<u>\$ 7.2070</u>	<u>\$ 6.9187</u>	<u>\$ 6.6465</u>	<u>\$ 6.4695</u>	<u>\$ 6.4849</u>	<u>\$ 6.9903</u>

Source: City Assessor's Office.

Table 7
CITY OF ST. LOUIS, MISSOURI
Principal Property Tax Payers Identified by Industry Classification
Current Calendar Year and Nine Years Ago
(dollars in thousands)

Tax Payer by Industry Classification (1)	Calendar Year 2015			Calendar Year 2006		
	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Valuation
Utilities	\$ 102,023	1	2.47%	\$ 72,462	3	2.26%
Gaming	73,986	2	1.79%			
Telecommunications	70,138	3	1.70%	85,734	2	2.38%
Financial Services	64,950	4	1.57%	23,787	5	0.78%
Manufacturing	63,457	5	1.54%	90,623	1	2.51%
Property Management	34,614	6	0.84%			
Utilities	32,334	7	0.78%	69,250	4	1.92%
Property Management	30,630	8	0.74%	20,530	9	0.61%
Manufacturing	24,175	9	0.59%	21,914	8	0.62%
Property Management	21,568	10	0.52%			
Property Management				23,426	6	0.65%
Financial Services				22,537	7	0.65%
Financial Services				19,993	10	0.57%
	<u>\$ 517,875</u>		<u>12.55%</u>	<u>\$ 450,256</u>		<u>12.95%</u>

Source: City Assessor's Office and Collector of Revenue

Note:

(1) Taxpayer confidentiality prevents the disclosure of amounts by company name. The above information is individual taxpayers within the noted industry categories.

Table 8
CITY OF ST. LOUIS, MISSOURI
General and Debt Service Funds - Property Tax Levies And Collections -
Last Ten Fiscal Years
(dollars in thousands)

(1) Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Fiscal Year Collections Related to Prior Year Levies	Total Collections to Date	
		(2) Amount	Percentage of Levy		Amount	Percentage of Levy
2016	\$ 64,417	\$ 59,795	92.8%	\$ -	\$ 59,795	92.8%
2015	63,872	58,736	92.0%	2,865	61,601	96.4%
2014	60,538	55,764	92.1%	3,522	59,286	97.9%
2013	58,797	53,545	91.1%	4,576	58,121	98.9%
2012	57,723	52,191	90.4%	4,568	56,759	98.3%
2011	57,990	52,223	90.1%	4,546	56,769	97.9%
2010	56,169	49,634	88.4%	5,521	55,155	98.2%
2009	56,104	49,487	88.2%	6,126	55,613	99.1%
2008 *	57,734	48,627	84.2%	8,428	57,055	98.8%
2007	51,446	46,475	90.3%	4,701	51,176	99.5%

NOTES:

(1) Figures are based on the Collector of Revenue's fiscal year which begins the first Monday of March.

(2) Includes monies collected that were paid to the state for reassessment.

* Total collections does not reflect protest monies held in escrow of approximately \$4,100.

Source: Collector of Revenue, City of St. Louis.

Table 9
CITY OF ST. LOUIS, MISSOURI
Earnings and Payroll Tax
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Earnings					Payroll	
	Revenue Base		1% Tax		Total (1) Earnings Tax	Revenue	(1)
	Business	Individual	Business	Individual		Base	0.5% Tax
2016	\$ 3,581,000	\$ 13,822,900	\$ 35,810	\$ 138,229	\$ 174,039	\$ 7,800,000	39,000
2015	3,597,700	13,349,500	35,977	133,495	169,472	7,574,600	37,873
2014	3,356,500	12,813,900	33,565	128,139	161,704	7,358,400	36,792
2013	3,219,000	12,701,200	32,190	127,012	159,202	7,369,800	36,849
2012	3,354,200	12,482,700	33,542	124,827	158,369	7,021,600	35,108
2011	3,025,300	12,082,700	30,253	120,827	151,080	7,048,400	35,242
2010	2,557,500	12,171,600	25,575	121,716	147,291	7,513,600	37,568
2009	2,221,000	12,166,800	22,210	121,668	143,878	7,186,200	35,931
2008	2,671,400	12,046,700	26,714	120,467	147,181	7,451,200	37,256
2007	2,461,000	11,666,000	24,610	116,660	141,270	7,059,200	35,296

Source: City of St. Louis Collector of Revenue

Note:

Data calculated on a cash basis.

(1) Tax totals include Collector of Revenue commissions

Table 10
CITY OF ST. LOUIS, MISSOURI
Principal Earnings and Payroll Tax Payers
Top Ten Companies' Current Fiscal Year and Nine Years Ago
By Industry Classification
(dollars in thousands)

	Fiscal Year			Fiscal Year		
	2016		(1)	2007		(1)
Top Ten Companies by Industry Classification (2)	Total Earnings & Payroll Tax	Rank	Percentage of Total Earnings & Payroll Tax	Total Earnings & Payroll Tax	Rank	Percentage of Total Earnings & Payroll Tax
Financial Services	\$ 10,086	1	4.73%	\$ 4,404	4	2.58%
Education	8,179	2	3.84%	5,214	3	3.05%
Manufacturing	7,500	3	3.52%	7,539	1	4.41%
Healthcare	6,091	4	2.86%	3,911	5	2.29%
Manufacturing	5,111	5	2.40%	2,258	9	1.32%
Government	4,020	6	1.89%			
Education	3,747	7	1.76%	2,546	8	1.49%
Telecommunications	3,572	8	1.68%	6,527	2	3.82%
Government	3,342	9	1.57%	3,101	6	1.81%
Utilities	3,320	10	1.56%			
Retail				2,736	7	1.60%
Government				2,137	10	1.25%
	<u>\$ 54,968</u>		<u>25.80%</u>	<u>\$ 40,373</u>		<u>23.62%</u>

Source: Collector of Revenue

Note:

(1) The percentages are calculated using total taxes from Table 9.

(2) Taxpayer confidentiality prevents the disclosure of amounts by company name. The above information is individual taxpayers within the noted industry categories.

Table 11
CITY OF ST. LOUIS, MISSOURI
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands)

Governmental Activities								Business -Type Activities						
Fiscal Year	General Obligation Bonds	Tax Increment Revenue Bonds	Lease Revenue Bonds	(2) Capital Leases	Joint Venture Financing Agreement	Federal Section 108	Other Obligations	Water Revenue Bonds	Airport Revenue Bonds	Parking Revenue Bonds	(3) Unamortized Discounts and Premiums	Total Primary Government	(1) Percentage of Personal Income	(1) Per Capita
2016	16,795	381,231	438,932	59,391	28,845	26,910	13,538	5,118	686,225	67,113	41,258	1,765,356	13.43%	5,592
2015	23,010	340,342	435,005	71,157	33,434	31,370	11,935	2,288	726,010	73,488	38,843	1,786,882	14.31%	5,629
2014	28,130	300,321	470,889	76,299	37,844	35,580	16,153	4,760	764,150	69,679	38,767	1,842,572	14.76%	5,787
2013	35,050	296,122	473,403	66,713	42,085	39,530	15,502	7,585	794,615	70,527	11,910	1,853,042	14.84%	5,826
2012	38,955	246,079	502,429	72,009	46,166	43,250	15,644	11,480	833,960	72,763	10,541	1,893,276	15.16%	5,935
2011	42,685	200,202	548,958	75,993	50,092	46,750	11,353	16,000	869,980	74,892	8,811	1,945,716	15.58%	6,094
2010	46,300	167,436	567,292	67,779	53,873	50,050	13,191	19,585	905,405	76,925	7,943	1,975,779	15.83%	5,541
2009	49,790	163,554	531,615	53,131	57,516	53,160	14,373	23,025	797,105	78,854	9,606	1,831,729	15.74%	5,135
2008	50,875	136,987	534,223	59,531	61,028	56,080	6,159	26,325	818,830	81,350	10,237	1,841,625	15.82%	5,163
2007	54,820	114,251	308,824	61,050	65,116	58,820	2,204	29,175	843,920	70,120	13,563	1,621,863	15.34%	4,546

Source: Notes to Basic Financial Statements

Note:

(1) See Table 16 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

(2) Capital Leases include rolling stock and obligations with component units.

(3) Prior to fiscal year 2014, deferred amounts on refunding were included in these amounts

Table 12
CITY OF ST. LOUIS, MISSOURI
Ratio of Net General Obligation Debt Outstanding
Last Ten Fiscal Years
(dollars in thousands except per capita)

General Bonded Debt Outstanding				(1)	(2)
Fiscal Year	General Obligation Bonds	Less Debt Service Fund	Total Net Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita (in dollars)
2016	\$ 16,795	\$ 6,903	\$ 9,892	0.06%	\$ 31
2015	23,010	6,966	16,044	0.09%	51
2014	28,130	6,842	21,288	0.13%	67
2013	35,050	8,713	26,337	0.15%	83
2012	38,955	8,137	30,818	0.17%	97
2011	42,685	8,118	34,567	0.19%	108
2010	46,300	7,331	38,969	0.21%	123
2009	49,790	8,216	41,574	0.23%	131
2008	50,875	9,008	41,867	0.27%	131
2007	54,820	8,045	46,775	0.30%	144

Source: City Assessor's Office and Comptroller's Office

Note:

(1) See Table 5 for property value data.

(2) Population data can be found in Table 16

Table 13
CITY OF ST. LOUIS, MISSOURI
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016
(dollars in thousands)

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<u>Governmental Unit</u>			
Debt repaid with property taxes			
Board of Education of the City of St. Louis (1): General Obligation Debt	\$ 374,312	100.00%	\$ 374,312
Other debt			
Metropolitan St. Louis Sewer District (2)	1,252,941	9.49% *	118,949
St. Louis Public Library (3)	50,000	100.00% *	50,000
Junior College District of St. Louis (4)	<u>20,125</u>	<u>20.55% *</u>	<u>4,135</u>
Subtotal, overlapping debt	1,697,378		547,396
City of St. Louis direct debt (5)			<u>965,642</u>
Total direct and overlapping debt			<u><u>\$ 1,513,038</u></u>

Source:

- (1) Board of Education City of St. Louis.
- (2) Metropolitan St. Louis Sewer District
- (3) St. Louis Public Library
- (4) Junior College District of St. Louis
- (5) Notes to basic financial statements

Note:

* Based on assessed property value

Table 14
CITY OF ST. LOUIS, MISSOURI
Legal Debt Margin Calculation
Last Ten Fiscal Years
(dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year Ended June 30, 2016

Assessed Value	\$ 4,372,999
Debt limit (10% of assessed value)	437,300
Debt applicable to limit:	
General obligation bonds	16,795
Less: Amount set aside for repayment .	
of general obligation debt.	6,903
Total net debt applicable to limit	<u>23,698</u>
Legal Debt Margin	<u><u>\$ 413,602</u></u>

	Fiscal Year Ended June 30, 2012									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Debt limit	437,300	\$ 430,209	\$ 423,288	\$ 423,933	\$ 420,253	\$ 426,565	\$ 455,015	\$ 468,315	\$ 455,718	\$ 389,274
Total net debt applicable to limit	<u>9,708</u>	<u>16,044</u>	<u>21,288</u>	<u>26,337</u>	<u>30,818</u>	<u>34,567</u>	<u>38,969</u>	<u>41,574</u>	<u>41,867</u>	<u>46,775</u>
Legal debt margin	<u><u>\$ 427,592</u></u>	<u><u>\$ 414,165</u></u>	<u><u>\$ 402,000</u></u>	<u><u>\$ 397,596</u></u>	<u><u>\$ 389,435</u></u>	<u><u>\$ 391,998</u></u>	<u><u>\$ 416,046</u></u>	<u><u>\$ 426,741</u></u>	<u><u>\$ 413,851</u></u>	<u><u>\$ 342,499</u></u>
Total net debt applicable to the limit as a percentage of debt limit	2.22%	3.73%	5.03%	6.21%	7.33%	8.10%	8.56%	8.88%	9.19%	12.02%

Source: Assessor and Comptroller's Office

Table 15
CITY OF ST. LOUIS, MISSOURI
Pledged-Revenue Coverage,
Last Ten Fiscal Years
(dollars in thousands)

Water Revenue Bonds (1)							Airport Revenue Bonds (1)					
Fiscal Year	Water Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Aviation Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2016	\$ 56,538	\$ 44,193	\$ 12,345	\$ 404	\$ 33	28.25	\$ 167,961	\$ 74,670	\$ 93,291	\$ 58,623	\$ 18,281	1.21
2015	53,842	41,357	12,485	4,019	43	3.07	170,315	74,041	96,274	44,095	32,922	1.25
2014	56,647	44,645	12,002	3,765	86	3.12	178,365	86,524	91,841	30,465	46,318	1.20
2013	56,902	40,590	16,312	3,895	143	4.04	174,394	83,237	91,157	30,655	41,804	1.26
2012	58,631	38,126	20,505	3,740	650	4.67	161,518	81,872	79,646	19,985	41,501	1.30
2011	56,044	38,535	17,509	3,585	809	3.98	165,405	91,993	73,412	29,970	46,942	0.95
2010	51,295	37,549	13,746	2,440	959	4.04	170,429	87,385	83,044	21,670	44,157	1.26
2009	49,173	41,425	7,748	3,300	1,100	1.76	169,961	86,054	83,907	21,725	40,575	1.35
2008	46,709	39,414	7,295	2,850	1,469	1.69	178,960	93,600	85,360	25,090	39,664	1.32
2007	45,697	36,816	8,881	2,645	1,286	2.26	157,918	89,023	68,895	13,960	47,118	1.13

(1) Coverage ratio as defined by the various bond covenants may be different than that presented here.

(2) Coverage ratio for Tax Increment Financings and for Leasehold Revenue Bonds combines several issues.

Table 15
CITY OF ST. LOUIS, MISSOURI
Pledged-Revenue Coverage,
Last Ten Fiscal Years
(dollars in thousands)

Parking Revenue Bonds (1)							Tax Increment Financing Bonds (1) (2)					
Fiscal Year	Parking/ Project Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Tax Increment Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2016	\$ 18,272	\$ 7,920	\$ 10,352	\$ 2,381	\$ 2,526	2.11	\$ 29,413	\$ 874	\$ 28,539	\$ 8,868	\$ 18,326	1.05
2015	17,147	7,603	9,544	2,232	2,738	1.92	23,436	1,064	22,372	16,056	18,772	0.64
2014	17,035	7,809	9,226	1,960	2,839	1.92	21,512	850	20,662	6,653	14,944	0.96
2013	15,935	7,248	8,687	1,860	2,911	1.82	22,796	898	21,898	7,067	14,000	1.04
2012	16,200	6,855	9,345	1,765	3,005	1.96	17,914	697	17,217	5,776	12,800	0.93
2011	15,163	6,657	8,506	1,675	3,093	1.78	14,115	631	13,484	5,853	10,189	0.84
2010	13,765	7,061	6,704	1,595	3,176	1.41	15,444	477	14,967	7,509	10,434	0.83
2009	15,601	8,691	6,910	1,275	3,246	1.53	12,327	401	11,926	5,384	8,793	0.84
2008	15,945	8,331	7,614	1,475	3,756	1.46	9,449	324	9,125	4,000	7,409	0.80
2007	16,515	7,472	9,043	257	2,308	3.53	7,459	201	7,258	2,593	3,946	1.11

(1) Coverage ratio as defined by the various bond covenants may be different than that presented here.

(2) Coverage ratio for Tax Increment Financings and for Leasehold Revenue Bonds combines several issues.

Table 15
CITY OF ST. LOUIS, MISSOURI
Pledged-Revenue Coverage,
Last Ten Fiscal Years
(dollars in thousands)

Section 108 Downtown Convention Headquarters Hotel Project							
Fiscal Year	Tax Increment Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2016	\$ 4,500	\$ 328	\$ 4,172	\$ 3,270	\$ 530	1.10	
2015	4,341	356	3,985	3,080	404	1.14	
2014	4,278	350	3,928	2,890	572	1.13	
2013	4,044	401	3,643	2,720	581	1.10	
2012	4,629	360	4,269	2,560	1,381	1.08	
2011	4,576	260	4,316	2,410	2,387	0.90	
2010	3,701	270	3,431	2,270	2,523	0.72	
2009	5,403	280	5,123	2,130	2,645	1.07	
2008	5,219	286	4,933	2,000	2,756	1.04	
2007	6,092	296	5,796	1,890	2,859	1.22	

- (1) Coverage ratio as defined by the various bond covenants may be different than that presented here.
(2) Coverage ratio for Tax Increment Financings and for Leasehold Revenue Bonds combines several issues.

Table 15
CITY OF ST. LOUIS, MISSOURI
Pledged-Revenue Coverage,
Last Ten Fiscal Years
(dollars in thousands)

Justice Center Leasehold Revenue Bonds (1) (2)							
Fiscal	Prisoner	Less:	Net	Debt Service		Coverage	
Year	Housing	Operating	Available	Principal	Interest		
	Reimbursement	Expenses	Revenue				
2016	\$ 6,997	\$ -	\$ 6,997	\$ 9,030	\$ 1,587		0.66
2015	6,322	-	6,322	8,615	2,008		0.60
2014	6,259	-	6,259	8,265	2,352		0.59
2013	4,620	-	4,620	7,190	2,653		0.47
2012	5,298	-	5,298	11,020	2,500		0.39
2011	4,494	-	4,494	7,465	3,659		0.40
2010	6,919	-	6,919	5,680	4,238		0.70
2009	6,535	-	6,535	6,620	4,507		0.59
2008	6,375	-	6,375	6,285	4,836		0.57
2007	7,857	-	7,857	5,980	5,144		0.71

(1) Coverage ratio as defined by the various bond covenants may be different than that presented here.

(2) Coverage ratio for Tax Increment Financings and for Leasehold Revenue Bonds combines several issues.

Table 15
CITY OF ST. LOUIS, MISSOURI
Pledged-Revenue Coverage,
Last Ten Fiscal Years
(dollars in thousands)

Civil Courts/Carnahan Courthouse
Leasehold Revenue Bonds (1) (2)

Fiscal Year	Court Fees	Less: Net		Debt Service	Coverage
		Operating Expenses	Available Revenue	Principal Interest	
2016	\$ 1,213	\$ -	\$ 1,213	\$ 1,330 \$ 853	0.56
2015	1,237	-	1,237	3,970 951	0.25
2014	1,301	-	1,301	3,920 1,092	0.26
2013	1,460	-	1,460	2,755 1,207	0.37
2012	1,492	-	1,492	2,635 1,332	0.38
2011	1,368	-	1,368	160 1,349	0.91
2010	1,419	-	1,419	2,255 493	0.52
2009	1,499	-	1,499	2,155 1,563	0.40
2008	1,496	-	1,496	2,075 1,651	0.40
2007	1,354	-	1,354	1,985 1,908	0.35

(1) Coverage ratio as defined by the various bond covenants may be different than that presented here.

(2) Coverage ratio for Tax Increment Financings and for Leasehold Revenue Bonds combines several issues.

Table 15
CITY OF ST. LOUIS, MISSOURI
Pledged-Revenue Coverage,
Last Ten Fiscal Years
(dollars in thousands)

Forest Park Leasehold Revenue Bonds / Subordinate Leasehold Revenue Bonds (1) (2)								
Fiscal Year	10.4% of the 1/2c capital Sales Tax		Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
					Principal	Interest		
2016	\$	3,533	\$ -	\$ 3,533	\$ 3,170	\$ 549	0.95	
2015		3,087	-	3,087	2,470	619	1.00	
2014		3,152	-	3,152	1,720	527	1.40	
2013		1,815	-	1,815	895	473	1.33	
2012		1,905	-	1,905	865	508	1.39	
2011		1,740	-	1,740	835	533	1.27	
2010		1,722	-	1,722	805	563	1.26	
2009		1,814	-	1,814	785	587	1.32	
2008		1,849	-	1,849	760	610	1.35	
2007		1,839	-	1,839	740	632	1.34	

(1) Coverage ratio as defined by the various bond covenants may be different than that presented here.

(2) Coverage ratio for Tax Increment Financings and for Leasehold Revenue Bonds combines several issues.

Table 15
CITY OF ST. LOUIS, MISSOURI
Pledged-Revenue Coverage,
Last Ten Fiscal Years
(dollars in thousands)

Recreation Sales Tax Leasehold Revenue Bonds (1) (2)						
Fiscal Year	Parks and Recreation Sales Tax	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2016	\$ 4,855	\$ -	\$ 4,855	\$ 1,155	\$ 2,084	1.50
2015	4,886	-	4,886	1,110	2,129	1.51
2014	4,473	-	4,473	1,065	2,172	1.38
2013	4,323	-	4,323	1,025	2,213	1.34
2012	4,520	-	4,520	985	2,252	1.40
2011	4,152	-	4,152	950	2,290	1.28
2010	4,055	-	4,055	910	2,326	1.25
2009	4,280	-	4,280	875	2,361	1.32
2008	4,425	-	4,425	1,665	1,442	1.42
2007	-	-	-	-	-	-

(1) Coverage ratio as defined by the various bond covenants may be different than that presented here.

(2) Coverage ratio for Tax Increment Financings and for Leasehold Revenue Bonds combines several issues.

Table 15
CITY OF ST. LOUIS, MISSOURI
Pledged-Revenue Coverage,
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Police Capital Improvements Sales Tax Leasehold Revenue Bonds (1) (2)							City Parks Leasehold Revenue Bonds (1) (2)						
	10% of the 1/2c Capital Sales Tax	Less: Operating Expenses	Net Available Revenue	Debt Service				6.6% of the 1/2c Capital Sales Tax, 15.5% of Metro Parks Sales Tax, and 60% of Metro Parks Arch Sales Tax	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest	Coverage					Principal	Interest	Coverage	
2016	\$ 1,831	\$ -	\$ 1,831	\$ 340	\$ 970	1.40	\$ 3,091	\$ -	\$ 3,091	\$ 500	\$ 1,104		1.93	
2015	1,863		1,863	325	983	1.42	3,104	-	3,104	440	1,167		1.93	
2014	1,889	-	1,889	315	996	1.44	-	-	-	-	-	-	-	
2013	1,747	-	1,747	300	1,008	1.34	-	-	-	-	-	-	-	
2012	1,830	-	1,830	290	1,019	1.40	-	-	-	-	-	-	-	
2011	1,671	-	1,671	280	1,030	1.28	-	-	-	-	-	-	-	
2010	1,654	-	1,654	265	1,041	1.27	-	-	-	-	-	-	-	
2009	1,742	-	1,742	255	1,051	1.33	-	-	-	-	-	-	-	
2008	1,777	-	1,777	1,120	189	1.36	-	-	-	-	-	-	-	
2007	-	-	-	-	-	-								

- (1) Coverage ratio as defined by the various bond covenants may be different than that presented here.
(2) Coverage ratio for Tax Increment Financings and for Leasehold Revenue Bonds combines several issues.

Table 16
CITY OF ST. LOUIS, MISSOURI
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	(1) Population	(4) Personal Income (thousands of dollars)	(4) Per Capita Personal Income	(1) Median Age	(2) Public School Enrollment	(3) Unemployment Rate
2015	315,685	13,142,730	41,632	33.9	24,154	5.0%
2014	317,419	12,484,968	39,333	34.9	24,869	5.7%
2013	318,416	12,151,780	38,163	34.7	25,200	7.2%
2012	318,069	11,842,448	37,232	34.1	22,516	7.4%
2011	319,008	11,369,625	35,641	33.9	23,576	7.8%
2010	318,842	10,928,301	34,275	34.6	25,046	8.7%
2009	317,955	11,453,476	36,022	35.4	26,108	11.7%
2008	317,959	10,925,710	34,362	36.3	27,574	7.8%
2007	320,131	10,491,667	32,773	36.3	32,135	7.0%
2006	324,945	9,854,572	30,327	35.6	35,361	6.9%

NOTES:

- (1) Source: Census Bureau -Population estimates since 2000 have been slightly inconsistent because the Census Bureau has used an Administrative Records methodology whereas the City has used a Housing Unit methodology.* Statistics reflect the City's successful challenge of the Bureau's methodology for Calendar Years 2002, 2003, and 2004.
- (2) Data provided by the Missouri Dept. of Elementary and Secondary Education
- (3) Data provided by the U. S. Bureau of Labor Statistics.
- (4) Source: U.S. Bureau of Economic Analysis-Calendar Years 2006-2011 have been updated to reflect actual statistics released as of April 2013.

Table 17
CITY OF ST. LOUIS, MISSOURI
Principal Employers,
Current Calendar Year and Nine Years Ago

Employer	Calendar Year 2015			Calendar Year 2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Washington University	15,683	1	3.57%	13,006	2	3.04%
BJC Health Systems	14,142	2	3.22%	15,351	1	3.59%
St. Louis University	10,257	3	2.34%	9,379	3	2.20%
City of St. Louis	9,254	4	2.11%	8,647	4	2.02%
Defense Finance & Acct Services	6,411	5	1.46%			
A G Edwards/Wells Fargo	5,645	6	1.29%	5,016	10	1.17%
St. Louis Board of Education	5,179	7	1.18%	6,232	6	1.46%
US Postal Service	4,624	8	1.05%	5,800	7	1.36%
State of Missouri	4,038	9	0.92%	5,310	8	1.24%
St. Louis Children's Hospital	3,615	10	0.82%			
AT&T Services				6,628	5	1.55%
Anheuser Busch				5,033	9	1.18%
	<u>78,848</u>		<u>17.96%</u>	<u>80,402</u>		<u>18.82%</u>

Source: City Collector of Revenue

Table 18
CITY OF ST. LOUIS, MISSOURI
Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

	Full-time equivalent employees as of June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Function/Program:										
Primary Government Employees:										
General government	505	506	485	491	498	509	528	539	535	525
Convention and tourism	2	2	3	3	3	2	2	3	3	3
Parks and recreation	284	283	314	313	313	309	322	328	331	324
Judicial	653	653	681	679	706	714	709	721	717	705
Streets	446	451	455	455	455	455	464	463	458	452
Fire	776	776	781	778	813	829	830	830	830	831
Police	1,814	1,822	1,841	1,867	1,940	1,943	1,937	1,992	1,938	1,919
Other	757	752	749	750	709	716	774	814	804	753
Health and welfare	210	212	213	206	220	219	257	278	274	274
Public service	303	302	217	221	222	224	251	258	256	245
Community development	60	65	61	59	65	65	65	65	66	62
Business-Type Employees:										
Airport	529	530	537	540	555	580	583	637	637	634
Water Division	342	342	341	341	341	361	380	380	376	380
Parking Division	109	105	94	82	89	103	86	90	142	135
Total Employees	<u>6,790</u>	<u>6,801</u>	<u>6,771</u>	<u>6,785</u>	<u>6,929</u>	<u>7,029</u>	<u>7,188</u>	<u>7,398</u>	<u>7,367</u>	<u>7,242</u>

Source: Budget division

Table 19
CITY OF ST. LOUIS, MISSOURI
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>General Government</u>										
Payroll checks issued	179,475	179,431	180,873	183,489	185,338	191,837	201,642	202,802	269,186	250,945
Invoices processed	91,393	91,341	90,518	95,572	96,571	95,375	98,772	103,352	108,703	107,796
Deeds recorded	48,219	33,120	63,261	74,138	58,991	61,841	66,351	65,740	81,692	107,042
Birth and death certificate copies issued	72,418	68,357	60,780	54,552	55,773	57,898	61,836	65,874	69,107	73,205
Marriage licenses processed	2,992	2,962	2,680	2,358	2,318	2,548	2,570	2,523	2,453	2,739
Real property parcels	140,936	141,364	142,480	143,357	145,166	145,572	145,858	145,507	145,930	142,168
Personal property accounts	110,862	108,878	109,296	107,666	109,439	108,257	108,427	110,285	106,176	105,571
Problem properties cases heard*	5,201	4,894	5,555	7,911	8,942	8,981	8,491	7,932	9,793	6,050
Citizen Service Bureau (CSB) calls answered	107,479	126,780	131,129	119,504	124,637	122,470	102,964	119,531	175,339	223,776
CSB service requests issued	113,245	103,730	65,526	98,306	109,596	119,109	107,116	90,177	107,431	104,909
<u>Parks and Recreation and Forestry</u>										
Park use permits issued	3,186	3,484	3,212	3,056	3,066	3,170	3,727	3,283	3,434	3,251
Vacant lot grass cuttings	54,693	56,298	52,886	52,079	51,845	52,110	51,015	52,929	95,191	68,904
Vacant building grass cuttings	24,400	22,641	24,775	24,366	24,870	24,124	23,520	22,332	51,663	33,320
CSB service requests received	21,341	22,303	22,149	23,116	24,009	25,660	23,007	26,655	47,408	24,665
<u>Judicial</u>										
Juvenile cases-referrals *	2,436	2,297	2,395	2,702	3,031	3,444	3,540	4,282	4,840	5,450
Jurors summoned	99,879	120,629	112,881	55,105	59,650	58,230	65,805	71,187	74,450	74,850
Jurors who served	21,244	21,474	17,265	22,596	23,186	20,019	21,582	26,030	23,874	21,059
<u>Streets</u>										
Tons of waste placed in landfills	142,768	139,667	134,125	150,645	164,134	173,812	185,848	199,725	186,132	195,958
Tons of waste recycled	15,907	15,769	14,686	15,618	12,830	4,842	3,851	4,900	4,855	4,141
Vehicles towed	11,594	9,825	9,197	8,880	8,470	9,850	9,765	11,523	8,829	10,489
<u>Public Safety</u>										
Fire										
Suppression calls	56,335	50,067	56,623	46,959	48,159	59,683	51,464	45,855	45,137	44,751
EMS calls	54,968	54,118	68,772	58,213	61,401	74,929	73,771	60,062	59,241	59,209
Police										
Directed calls for service*	289,780	277,684	237,367	267,435	300,921	309,696	321,015	325,958	348,648	320,499
Felony arrests*	12,970	10,466	12,569	14,205	15,309	13,424	13,284	14,186	14,930	15,162
Misdemeanor arrests*	6,125	3,640	5,043	6,307	8,574	6,986	7,948	8,569	10,048	10,440
Police reports written*	71,046	68,400	66,104	65,337	72,057	76,204	83,339	86,316	94,539	106,086

Table 19
CITY OF ST. LOUIS, MISSOURI
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>Public Service</u>										
Contracts executed	130	115	125	78	108	81	298	252	205	164
Bridges inspected	43	41	41	44	40	44	33	36	37	36
<u>Airport</u>										
Major airlines	7	9	9	9	10	10	10	10	9	10
Commuter airlines	14	14	16	18	19	19	19	20	22	22
Air cargo carriers	3	3	3	3	3	3	3	3	4	5
Passengers	13,323,815	12,487,420	12,339,645	12,747,102	12,681,341	12,399,226	12,514,653	13,271,170	15,220,080	15,136,182
Aircraft operations	188,466	185,474	184,211	189,068	191,653	186,908	195,409	226,052	255,800	260,151
<u>Water Division</u>										
Bills issued - metered	51,325	51,327	51,625	51,512	52,000	52,128	52,432	53,208	53,324	53,388
Bills issued - flat rate	317,269	316,850	317,200	316,904	316,000	316,596	321,720	325,420	327,804	330,420
Billions of gallons of water purified	47,645	43,553	45,265	44,922	46,597	43,345	44,015	46,223	47,479	48,137

* Information based on calendar year
Source: information is provided by departments

Table 20
CITY OF ST. LOUIS, MISSOURI
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>Parks and Recreation</u>										
Park acreage	3,250	3,249	3,248	3,248	3,248	3,243	2,960	2,722	2,717	2,717
Miles of bicycle paths	38	38	38	36	36	36	36	36	36	35
Athletic fields	153	153	153	153	153	152	152	152	152	152
Recreation centers	7	9	9	9	9	7	9	8	9	9
Neighborhood centers	2	-	-	-	-	-	-	1	1	1
Swimming pools	11	11	11	12	12	7	9	8	8	8
Golf courses	4	4	4	4	4	3	3	2	2	2
<u>Judicial</u>										
Court houses	3	3	3	3	3	3	3	3	3	3
<u>Streets</u>										
Alley containers	26,507	26,507	26,507	26,507	26,507	27,724	27,724	27,724	27,814	28,282
Rollout carts	39,952	39,952	39,952	39,952	39,952	34,770	21,202	21,202	19,899	20,379
Recycling containers	5,744	5,744	5,744	5,744	5,744	3,434	125	136	130	135
Streets - paved (miles)	27	24	21	14	16	18	21	21	30	21
Streets - (miles)	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Alleys (miles)	450	450	450	450	450	450	450	450	450	450
Street, alley and easement lights	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,059	69,919	69,839
<u>Public Safety</u>										
<u>Fire</u>										
Fire stations	30	30	30	30	30	30	30	30	30	30
Fire department vehicles	139	122	122	122	122	122	114	114	144	144
<u>Police</u>										
Police stations	4	4	4	3	3	3	3	3	3	3
Police vehicles	679	675	757	759	757	694	710	703	703	700
<u>Public Service</u>										
Bridges structurally deficient	17	18	15	15	14	15	17	5	16	16
Bridges functionally obsolete	24	28	28	28	27	30	22	20	22	22
Total bridges	73	73	73	73	73	72	71	72	69	71
<u>Water Division</u>										
Miles of water mains	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Water storage capacity (gallons)	128,000,000	128,000,000	128,000,000	128,000,000	128,000,000	128,000,000	128,000,000	128,000,000	128,000,000	128,000,000
Treatment Plants	2	2	2	2	2	2	2	2	2	2

Source: information is provided by department personnel

Prepared by:

Office of the Comptroller
City of St. Louis, Missouri
Honorable Darlene Green
Comptroller



About the photo: Citygarden opened in downtown St. Louis in 2009 and features 24 sculptures on 2.9 acres.

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APPENDIX C

**DEFINITIONS OF WORDS AND TERMS AND
SUMMARIES OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS**

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APPENDIX C

Series 2017A Bonds DEFINITIONS OF WORDS AND TERMS

In addition to the words and terms defined elsewhere in this Official Statement, the following are definitions of certain words and terms used in the Trust Indenture, the Premises Base Lease, the Communications Property Base Lease, the Lease Purchase Agreement, the Deed of Trust and this Official Statement, unless the context clearly otherwise requires. Reference is hereby made to the Trust Indenture, the Premises Base Lease, the Communications Property Base Lease, the Lease Purchase Agreement and the Deed of Trust for the complete definitions of all terms.

“Additional Bonds” means any additional Bonds, including refunding bonds, issued by the Corporation pursuant to the Indenture.

“Additional Rentals” means the payments payable by the City pursuant to the Lease Purchase Agreement.

“Asset Transfer Date” means the date of transfer from the Board of Police Commissioners of the Metropolitan Police Department of the City of St. Louis, Missouri, to the City of title and ownership of all assets held in the name of or controlled by the Board, including the premises and the Improvements.

“Authorized Denominations” means Five Thousand Dollars (\$5,000) or any integral multiple thereof.

“Base Lease” means, collectively, the (i) Communications Property Base Lease dated as of December 1, 2007, as amended by the First Supplemental Communications Property Base Lease dated as of December 1, 2014 and the Second Supplemental Communications Property Base Lease dated as of June 1, 2017, each between the City and the Corporation, and (ii) the Premises Base Lease dated as of December 1, 2007 as amended by the First Supplemental Premises Base Lease dated as of December 1, 2014 and the Second Supplemental Premises Base Lease dated as of June 1, 2017, each between the City and the Corporation, as from time to time supplemented and amended in accordance with the Indenture.

“Base Lease Rent” means, collectively, the items referred to as such in each of the Communications Property Base Lease and the Premises Base Lease.

“Base Lease Term” means, collectively, the term of such Communications Property Base Lease and the term of the Premises Base Lease, each commencing as of the date of the delivery of the Communications Property Base Lease and the Premises Base Lease, respectively, and ending on the date specified in the Communications Property Base Lease and the Premises Base Lease, respectively.

“Board” means the Board of Police Commissioners of the Metropolitan Police Department of the City of St. Louis, Missouri, a state agency of the State of Missouri.

“Board of Aldermen” means the Board of Aldermen of the City.

“Bond”, “Bonds” or “Series of Bonds” means the Series 2007 Bonds, the Series 2017A Bonds and any Additional Bonds, authenticated and delivered under and pursuant to the Indenture.

“Bond Counsel” means an attorney or firm of attorneys with nationally recognized standing in the field of municipal bond financing approved by the Corporation and the City.

“Bond Fund” means the Leasehold Revenue Bonds Bond Fund created in the Indenture.

“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 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 States of Missouri and New York are authorized by law to close.

“Capital Improvements Sales Tax” means a one-half cent sales tax imposed pursuant to Sections 94.577, Revised Statutes of Missouri, and Ordinance No. 62885, as amended by Ordinance No. 67618, approved by the voters of the City on August 23, 1993, for the purpose of funding capital improvements, and which allocated 10% of the revenues from the Capital Improvements Sales Tax to the Police Department Capital Improvements Account of the Capital Improvements Sales Tax Trust Fund.

“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 of Missouri.

“City Representative” means the Mayor or Comptroller of the City 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 Base Lease, the Lease Purchase Agreement and the Indenture 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 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.

“Code” means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

“Communications Property” means certain emergency management and preparedness and public health and safety projects, including certain intermodal communications equipment for the City, to be used by the City police, fire and EMS personnel, funded with the Series 2007 Bonds.

“Communications Property Base Lease” means the Communications Property Base Lease dated as of December 1, 2007 as amended by the First Supplemental Communications Property Base Lease dated as of December 1, 2014 and the Second Supplemental Communications Property Base Lease dated as of June 1, 2017, each between the City and the Corporation as from time to time supplemented and amended in accordance with its terms.

“Completion Date” means the date of completion of the Project, as that date is certified as provided in the Lease Purchase Agreement and the Indenture.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement dated as of June 1, 2017 between the City and UMB Bank, N.A., as dissemination agent.

“Corporation” means the St. Louis Municipal Finance Corporation, a corporation organized under the Missouri Nonprofit Corporation Act, and its successors and assigns and any surviving, resulting or transferee corporation as provided in the Lease Purchase Agreement.

“Corporation Representative” means the President or any Vice President of the Corporation or any other person or persons at the time designated to act on behalf of the Corporation in matters relating to the Base Lease, the Lease Purchase Agreement and the Indenture 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 Project Costs, and all reasonable and necessary expenses of or incidental to the additions, renovations or improvements to the 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 Project, including but not limited to, legal, organizational, marketing or other special services; capitalized interest, financial or underwriting fees and expenses and any other fees and expenses incurred including the costs of the Credit Facility, 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, provided, that, any legal fees of the Corporation with respect to the Bonds shall be as pre-approved by the Comptroller prior to issuance of any Series of Bonds.

“Costs of Issuance” means all costs incurred in connection with the issuance of the Bonds, including without limitation (i) fees of the Trustee and the Corporation, (ii) financial advisor, placement agent, or other consultant fees and expenses, (iii) fees and expenses of Bond Counsels and of counsel to the Corporation, the City, the Trustee, and the original purchaser of the Bonds, (iv) fees and expenses of special counsel to the Corporation and the City, (v) accounting expenses incurred in connection with determining that the Bonds are not arbitrage bonds, (vi) fees of independent certified public accountants or consultants for verification services, and (vii) initial fees for the Credit Facilities, (viii) all printing expenses in connection with the Indenture, the Base Lease, the Lease Purchase Agreement and the Bonds.

“Costs of Issuance Fund” means the Leasehold Revenue Bonds Costs of Issuance Fund created by the Indenture.

“Costs of the Project” means the portion of the reasonable and necessary expenses of or incidental to the Project directly or indirectly payable or reimbursable by the Corporation or the City from the proceeds of the 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 the City or the Corporation.

“Credit Facility” or “Insurance Policy” with respect to the Series 2017A Bonds means the insurance policy issued by the Credit Facility Provider guaranteeing the scheduled payment of principal of and interest on the Series 2017A Bonds when due.

“Credit Facility Provider” or “Insurer” means Assured Guaranty Municipal Corp., f/k/a/ Financial Security Assurance, Inc., a New York stock insurance company, or any successor thereto or assignee thereof.

“Dated Date” means the Dated Date on any Series of Bonds as set forth in any supplemental indenture related to such Series of Bonds. The Dated Date with respect to the Series 2017A Bonds is the date of issuance and delivery.

“Debt Service Reserve Fund” means the Leasehold Revenue Bonds Debt Service Reserve Fund created in the Indenture.

"Debt Service Reserve Fund Requirement" means with respect to the Series 2017A Bonds the least of (i) the maximum annual debt service on the Bonds, (ii) 10% of the original principal amount of such Bonds or (iii) 125% of the average annual debt service requirements on the Bonds, all as determined at the time of issuance of such Series of Bonds. The Debt Service Reserve Fund Requirement may be satisfied by deposits in cash or in partial substitution or in lieu of cash by an insurance policy, letter of credit, line of credit, guaranty or surety bond or any similar credit or liquidity facility or any combination thereof guaranteeing payments into the Debt Service Reserve Fund in the amount of the Debt Service Reserve Fund Requirement which facility shall be obtained from an entity that is rated in one of the three highest rating categories (without regard to modifiers) by any one or more rating agency which rates such entity.

“Debt Service Reserve Fund Surety Policy” means the municipal bond debt service reserve insurance policy issued by the Credit Facility Provider guaranteeing certain payments into the Series 2017A Account of the Debt Service Reserve Fund with respect to the Series 2017A Bonds, as provided therein and subject to the limitations set forth therein.

“Deed of Trust” means the Deed of Trust and Security Agreement dated as of December 1, 2007, as amended by the First Supplemental Deed of Trust and Security Agreement dated as of September 1, 2011, the Second Supplemental Deed of Trust and Security Agreement dated as of December 1, 2014 and the Third Supplemental Deed of Trust and Security Agreement dated as of June 1, 2017, each from the Corporation as grantor to the individual mortgagee named therein as grantee, for the benefit of the Trustee, as the same may be from time to time amended in accordance with the provisions thereof.

“Defeasance Obligations” means only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries 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 Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for "AAA" defeasance under then existing criteria of S & P or any combination thereof.

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

"Escrow Agreement" means the Escrow Agreement dated as of June 1, 2017, among the City, the Corporation and the Escrow Agent as the same may be amended or supplemented in accordance with its terms.

"Escrow Agent" means UMB Bank, N.A. in the capacity of escrow trustee.

"Event of Default" means (i) with respect to the Lease Purchase Agreement any Event of Default as defined in the Lease Purchase Agreement, and (ii) with respect to the Indenture any Event of Default as defined in the Indenture.

"Event of Non-Appropriation" means the failure of the City to appropriate sufficient funds for the payment of Rentals and Additional Rentals for the succeeding Fiscal Year.

"Facilities" means the Premises, together with the capital improvements designated as "Premises Improvements", as further described in the Lease Purchase Agreement.

"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.

"Fitch" means Fitch Investors Service, Inc., 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, Fitch 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.

"Full Replacement Value" means the actual replacement cost of any component of the Facilities, exclusive of land, excavations, footings, foundations and parking lots.

"Global Bond Certificates" means one 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 by the Depository.

"Impositions" means those taxes, assessments and other impositions defined in the Lease Purchase Agreement.

"Improvements" means the Premises Improvements and the Other Improvements as described in Exhibit A to the Lease Purchase Agreement.

"Indenture" means the Indenture of Trust dated as of December 1, 2007, as amended by the First Supplemental Indenture of Trust dated February 8, 2008, the Second Indenture of Trust dated as of June 1, 2014, and the Third Indenture of Trust dated as of June 1, 2017, each between the Corporation and the Trustee, as from time to time amended and supplemented in accordance with the provisions of Article XI of the Indenture.

"Insured Series 2017A Bonds" means the Series 2017A Bonds maturing on and after February 15, 2021.

"Interest Payment Date" means with respect to any series of Bonds, each February 15 and August 15 and with respect to the Series 2017A Bonds, commencing February 15, 2018.

“Lease Purchase Agreement” means the Lease Purchase Agreement dated as of December 1, 2007, as amended by the First Supplemental Lease Purchase Agreement dated September 1, 2011, the Second Supplemental Lease Purchase Agreement dated as of December 1, 2014, and the Third Supplemental Lease Purchase Agreement dated as of June 1, 2017, each among the Corporation and the City, as from time to time supplemented or amended in accordance with the Lease Purchase Agreement and the Indenture provided that from and after the Asset Transfer Date, the Lease Purchase Agreement shall be between the Corporation and the City.

“Maturity” means, with respect to any Bond, the date on which the principal of such Bond becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration or acceleration or call for redemption or otherwise.

“Moody’s” means 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.

“Opinion” means a written opinion of Counsel who is acceptable to the Trustee.

“Opinion of Bond Counsel” means a written opinion of Bond Counsel.

“Ordinance” means Ordinance No. 70521 of the City enacted on April 2, 2017, which authorized, among other things, the issuance, sale and delivery of the Police Capital Improvements Sales Tax Leasehold Refunding Revenue Bonds, Series 2017A, in accordance with the Indenture, and any amendments or supplements thereto and any other ordinance providing for the issuance of a Series of Bonds hereunder.

“Other Improvements” means those capital improvements to buildings, structures, improvements, fixtures, machinery and equipment, owned by the City but not located on the Premises, including the headquarters for the Police Department and the Police Academy.

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

- (a) Bonds theretofore canceled by the Trustee or delivered to the Trustee for canceling;
- (b) Bonds which are deemed paid under 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 either of them 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 Purchase Agreement.

“Paying Agent” means the Trustee and any other bank or trust institution organized under the laws of any state of the United States or any national banking association designated by the Indenture or any Supplemental Indenture as paying agent for any series of Bonds at which the principal of, redemption premium, if any, and interest on such Bonds shall be payable.

“Permitted Encumbrances” means:

- (a) with regard to the Project, such easements, encumbrances and restrictions as are identified in Schedule B of the title company’s commitment for title insurance;
- (b) the Deed of Trust;
- (c) any financing statements relating to the Indenture, the Base Lease or the Lease Purchase Agreement;
- (d) impositions which are not then delinquent, or if then delinquent, are being contested in accordance with Section 6.2 of the Lease Purchase Agreement;
- (e) utility, access and other easements and rights-of-way, restrictions and exceptions, including operating agreements or leases, which will not interfere with or impair any of which may be necessary to the operation of the Project (or, if it is not being operated, the operation for which it was designed or last modified);
- (f) 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 Purchase Agreement;
- (g) such minor defects and irregularities of title as normally exist with respect to properties similar in character to the Project and which the Corporation certifies do not materially adversely affect the value of the Facilities or impair the Project affected thereby for the purpose for which it was acquired or is held by the Corporation; and
- (h) zoning laws and similar restrictions which are not violated by the Project.

“Permitted Investments” means the securities and obligations identified in the Indenture.

“Premises” means the real property of the Board which is site of three area command stations, described in Exhibit A to the Lease Purchase Agreement and situated in the City including all streets and roads adjoining thereto and all easements and rights of way now or hereafter used in connection therewith together with all land lying in the bed of any street or road, open or proposed, in front of or adjoining such site to the center line thereof now or hereafter used in connection with such site or any real property shown on Exhibit A; provided that from and after the Asset Transfer Date, the Premises are owned by the City.

“Premises Base Lease” means the Premises Base Lease dated as of December 1, 2007, as amended by the First Supplemental Premises Base Lease dated as of December 1, 2014 and the Second Supplemental Premises Base Lease dated as of June 1, 2017, each between the Corporation and the City, as from time to time supplemented and amended in accordance with its terms.

“Premises Improvements” means those capital improvements which constitute improvements to the police substations located on the Premises, including buildings, structures, improvements, fixtures, machinery and equipment, as further described in the Lease Purchase Agreement.

"Principal Payment Date," with respect to any Series of Bonds, shall have the meaning specified in the Original Indenture or any Supplemental Indenture authorizing such Series of Bonds. The Principal Payment Dates for the Series 2017A Bonds means February 15 of each year as long as the Series 2017A Bonds remain outstanding.

“Project” means the Communications Property and the Improvements financed with the issuance of the Series 2007 Bonds pursuant to the Indenture.

“Project Contracts” means the contracts for the acquisition, construction and installation of the Project.

“Project Costs” means all reasonable and necessary expenses incidental to the acquisition (by lease or purchase, including condemnation) of real and personal property, construction, equipping and installing of furnishings and equipment in connection with the Project, including without limitation architectural, engineering, legal, financial, administrative and accounting services relating thereto, the cost of all machinery, fixtures and equipment necessary or desirable in connection with the Project including maintenance of machinery, fixtures, equipment and improvements, costs as may be necessary or incidental to the Project and any and all other costs which in the opinion of Bond Counsel constitute construction expenditures within the meaning of Section 148(f)(4)(B)(i)(b) of the Code.

“Project Equipment” means the items of machinery, equipment, or other personal property installed or acquired or to be acquired for installation in or which constitute part of the Project, and all replacements thereof and substitutions thereof made pursuant to the Lease Purchase Agreement.

“Project Fund” means the Leasehold Revenue Bonds Project Fund created in the Indenture, which shall contain a Communications Property Account and a Facilities Account.

“Property” means the Facilities and the Communications Property.

“Rebate Fund” means the Leasehold Revenue Bonds Rebate Fund established in the Indenture.

“Record Date”, with respect to the Series 2017A Bonds, means the first day whether or not a Business Day of the calendar month of any Interest Payment Date but in no event shall be less than ten (10) days prior to the following Interest Payment Date or Maturity.

“Redemption Date”, when used with respect to any Bond to be redeemed, means the date fixed for redemption pursuant to the Indenture.

“Redemption Notice Information” means information in a written and dated notice from the Trustee which (i) 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, Dated Date, interest rate, Stated Maturities 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, (ii) identifies the date on which the notice is published and the Redemption Date, (iii) states the price at which the Bonds will be redeemed, (iv) 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, and (v) 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 designates during normal business hours upon the surrender of the Bonds to be redeemed in whole or in part.

“Refunding Bonds” means bonds issued to refund any Series of Bonds or portion thereof then Outstanding.

“Rentals” or “Rent” means those payments required to be made by the City pursuant to the Lease Purchase Agreement.

“Resolution” with respect to the Series 2017A Bonds, means the Resolution adopted by the Corporation on June 6, 2017 authorizing, among other things, the issuance, sale and delivery of Police Capital Improvements Sales Tax Leasehold Refunding Revenue Bonds, Series 2017A (City of St. Louis, Missouri, Lessee), and the execution of certain documents related thereto in accordance with the Indenture and any amendments or supplements thereto and any other resolution providing for the issuance of a Series of Bonds hereunder.

“S&P” means Standard & Poor’s, a division of McGraw-Hill, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their 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 the Indenture, or Additional Bonds, 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 2007 Bonds” means the Police Capital Improvements Sales Tax Leasehold Revenue Bonds, Series 2007 (City of St. Louis, Missouri, Lessee), authorized by the Indenture.

"Series 2017A Account of the Costs of Issuance Fund" means the Series 2017A Account of the Costs of Issuance Fund created in Section 501 of the Third Supplemental Indenture.

"Series 2017A Account of the Debt Service Account" means the Series 2017A Account of the Debt Service Account created in Section 501 of the Third Supplemental Indenture.

"Series 2017A Account of the Debt Service Reserve Fund" means the Series 2017A Account of the Debt Service Reserve Fund established under the Third Supplemental Indenture.

"Series 2017A Account of the Rebate Fund" means the Series 2017A Account of the Rebate Fund created by the Third Supplemental Indenture.

"Series 2017A Bonds" means the Police Capital Improvements Sales Tax Leasehold Refunding Revenue Bonds (City of St. Louis, Missouri, Lessee) Series 2017A, authorized under the Indenture, which Series 2017A Bonds constitute Bonds under the terms of the Indenture.

"Series 2017A Ordinance" means Ordinance No. 70521 of the City enacted on March 2, 2017, which authorized, among other things, the issuance, sale and delivery of the Series 2017A Bonds, in accordance with the Indenture and any amendments or supplements thereto and any other ordinance providing for the issuance of a Series of Bonds hereunder.

"Series 2017A Debt Service Reserve Policy" means the municipal bond debt service reserve insurance issued by the Credit Facility Provider guaranteeing certain payments into the Series 2017A Account of the Debt Service Reserve Fund with respect to the Series 2017A Bonds, as provided therein and subject to the limitations set forth therein.

"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 supplemental or amendatory to the Base Lease entered into by the City and the Corporation, pursuant to Section 7.2 of the applicable Base Lease.

"Supplemental Indenture" means any indenture supplemental or amendatory to the Indenture entered into by the Corporation and the Trustee pursuant to the Indenture.

"Supplemental Lease Purchase Agreement" means any lease purchase agreement supplemental or amendatory to the Lease Purchase Agreement entered into by the Corporation and the City pursuant to the Lease Purchase Agreement and the Indenture.

"Tax Compliance Agreement" means the non-arbitrage certificate, the tax certificate as to arbitrage, or the tax compliance agreement, and any exhibit attached thereto, relating to certain tax matters relating to the Series 2017A Bonds.

"Term" or "Lease Term" means the term of the Lease Purchase Agreement beginning as of the issuance date of the 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 Purchase Agreement if the Corporation or the Trustee elects such remedy pursuant to the Lease Purchase Agreement; (iii) the date upon which all Rentals and Additional Rentals, as the case may be, required under the Lease Purchase Agreement shall be paid by the City or (iv) upon the discharge of the indenture as provided in the Indenture.

"Third Supplemental Indenture" means the Third Supplemental Indenture of Trust dated as of June 1, 2017, by and between the Corporation and the Trustee.

"Third Supplemental Lease Purchase Agreement" means the Third Supplemental Lease Purchase Agreement dated as of June 1, 2017 by and between the Corporation and the City.

"Treasurer" means the Treasurer of the City.

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

“Trustee” means UMB Bank, N.A., St. Louis, Missouri, as trustee under the Indenture and any successors or assigns.

“United States Government Obligations” means bonds, notes, certificates of indebtedness, treasury bills, or other securities constituting direct obligations of the United States of America or obligations the payment of the principal of and interest of which are fully and unconditionally guaranteed by the United States of America.

“Value” means the value of Permitted Investments and/or Defeasance Obligations calculated as provided in the Indenture.

“Written Request” with reference to the Corporation means a request in writing signed by the Corporation Representative, 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 LEGAL DOCUMENTS

SUMMARY OF THE TRUST INDENTURE

The following is a summary of certain provisions of the Indenture of Trust dated as of December 1, 2007, as amended by the First Supplemental Indenture of Trust dated February 8, 2008, the Second Indenture of Trust dated as of June 1, 2014, and the Third Indenture of Trust dated as of June 1, 2017 (the “Indenture”). The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Indenture for a complete recital of the terms thereof.

Trust Estate.

The Corporation and the Trustee have entered into the Trust Indenture in order to secure the payment of the principal of and interest on the Bonds and to secure the performance and observance by the Corporation of the covenants, agreements and conditions in the Indenture and in the Bonds, and pursuant to which the Corporation, subject to the Lease Purchase Agreement and the Deed of Trust, grants, bargains and sells, mortgages, warrants, conveys and confirms and pledges, assigns and grants a security interest in all and singularly the following property (said property being 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, 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 Purchase Agreement and all Rentals and Additional Rentals and certain other revenues, moneys and receipts pursuant to the Lease Purchase Agreement or otherwise available to secure the Bonds, except certain amounts described as Additional Rentals in the Lease Purchase Agreement and the

Corporation's rights to indemnification under the Lease Purchase Agreement;

- (c) the Deed of Trust;
- (d) all financing statements or other instruments or documents evidencing, securing or otherwise relating to the Lease Purchase Agreement and the Deed of Trust; and
- (e) any and all real and personal property interests, including but not limited to, Project Equipment of the Corporation acquired by the Corporation in connection with the Project pursuant to the Base Lease, the Lease Purchase Agreement and the Deed of Trust subject to subparagraph (b) above.

3. All moneys and securities from time to time held by the Trustee under the Indenture, excluding moneys on deposit in the Rebate Fund, 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 hereunder 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 hereof.

Creation of Funds.

There are created and ordered to be established in the custody of the Trustee the following special trust funds in the name of the Corporation to be designated as follows:

- (a) Series 2017A Account of the Costs of Issuance Fund
- (b) Series 2017A Debt Service Account of the Bond Fund
- (c) Series 2017A Debt Service Account of the Debt Service Reserve Fund
- (d) Series 2017A Debt Service Account of the Rebate Fund

The Trustee is authorized to segregate moneys within such accounts, as instructed by the City, as necessary, on a book-entry basis or in such other manner as the Trustee may deem necessary or convenient.

Application of Proceeds of Series 2017A Bonds.

The net proceeds of the sale of the Series 2017A Bonds shall be deposited to the respective funds in the amounts as set forth in the Indenture.

Deposits and Application of Revenues in the Bond Fund.

In addition to the initial deposits pursuant to the Indenture, the Trustee shall deposit into the Bond Fund (a) all amounts received as Rentals or Additional Rentals to be deposited in the Bond Fund pursuant to the Lease Purchase Agreement corresponding to the payments of principal of, interest and redemption premium, if any, on the Series 2017A Bonds; (b) all interest and other income derived from the investments of funds on deposit in the Series 2017A Debt Service Account of the Bond Fund; (c) the pro-rata share allocable to the Series 2017A Bonds of any amounts on deposit in the Series 2017A Debt Service Account of the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund

Requirements pursuant to the Indenture; and (d) all other moneys received by the Trustee which the Trustee is directed in writing to deposit in the Series 2017A Debt Service Account of the Bond Fund.

The Trustee shall notify the Corporation and the City in writing fifteen (15) days prior to each Interest Payment Date of (a) the moneys then available in the Series 2017A Debt Service Account of the Bond Fund to pay any principal of, and interest and premium, if any, on the Series 2017A Bonds becoming due on such upcoming Interest Payment Date, and (b) to the extent such moneys are insufficient to make such payment, the amount of such deficiency, which amount shall be required to be paid as Rentals pursuant to the Lease Purchase Agreement. The Trustee shall make such payment of any principal of, interest and premium, if any, on the Series 2017A Bonds becoming due on such upcoming Interest Payment Date as follows:

FIRST, from the moneys available in the Series 2017A Debt Service Account of the Bond Fund as of the date of the notice required above;

SECOND, from Rentals required pursuant to the Lease Purchase Agreement.

Except as otherwise provided in the Indenture, funds on deposit in the Bond Fund shall be used and applied solely to pay the principal of, and interest and redemption premium, if any, on the Series 2017A Bonds.

Disbursements from Series 2017A Account of the Costs of Issuance Fund.

Moneys on deposit in the Costs of Issuance Fund 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 each item of Costs of Issuance certified in such Written Requests.

Disposition upon Acceleration.

If the principal of the Bonds shall have become and be declared due and payable by reason of acceleration pursuant to the Indenture, then any balance remaining in the Accounts in the Project Fund shall without further authorization be deposited in the Bond Fund by the Trustee with advice to the Corporation and to the City of such action.

Provisions relating to Debt Service Reserve Fund Series 2017A Reserve Policy.

As long as the Series 2017A Reserve Policy shall be in full force and effect with respect to the Series 2017A Bonds, the Corporation and the Trustee agree to comply with the following provisions.

(a) The Corporation shall repay, or cause the City to repay, any draws under the Series 2017A Reserve Policy and pay all related reasonable expenses incurred by the Bond Insurer and shall pay interest thereon from the date of payment by AGM at the Late Payment Rate. "Late Payment Rate" means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2017A Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Bond Insurer shall specify. If the interest provisions of this subparagraph (a) shall result in

an effective rate of interest which, for, any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Bond Insurer, with the same force and effect as if the Corporation and/or the City had specifically designated such extra sums to be so applied and the Bond Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Bond Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Bond Insurer on account of principal due, the coverage under the Series 2017A Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy. The obligation to pay Policy Costs shall be secured by a valid lien on all revenues and other collateral pledged as security for the Series 2017A Bonds (subject only to the priority of payment provisions set forth under the Indenture).

All cash and investments in the Series 2017A Debt Service Reserve Account shall be transferred to the Series 2017A Debt Service Account for payment of debt service on the Series 2017A Bonds before any drawing may be made on the Series 2017A Reserve Policy or any other credit facility credited to the Series 2017A Debt Service Reserve Account in lieu of cash ("Credit Facility"). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Series 2017A Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Series 2017A Debt Service Reserve Account. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Series 2017A Debt Service Reserve Account. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) If any Policy Costs are not made in accordance with the requirements of subparagraph (a) hereof, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the Insured Series 2017A Bonds or (ii) remedies which would adversely affect owners of the Insured Series 2017A Bonds.

(c) The Corporation covenants and agrees that Series 2017A Reserve Policy constitutes a permitted debt service reserve fund instrument pursuant to the provisions of the Indenture.

(d) Neither the Lease nor the Indenture shall not be discharged until all Policy Costs owing to the Bond Insurer shall have been paid in full. The Issuer's obligation to pay such amounts shall expressly survive payment in full of the Insured Series 2017A Bonds.

(e) The Trustee shall ascertain the necessity for a claim upon the Series 2017A Reserve Policy in accordance with the provisions of subparagraph (a) hereof and to provide notice to the Insurer in accordance with the terms of the Series 2017A Reserve Policy at least five business days prior to each date upon which interest or principal is due on the Series 2017A Bonds.

Application of Revenues in the Series 2017A Account of the Debt Service Reserve Fund.

In addition to the initial deposit from Series 2017A Bond proceeds, if any, except as in the Indenture otherwise provided, funds on deposit in the Debt Service Reserve Fund shall be used and applied by the Trustee solely to prevent a default in the event moneys on deposit in the Bond Fund shall be insufficient to pay the principal of and interest on the Bonds as the same become due. The Trustee may disburse and expend moneys from the Debt Service Reserve Fund whether or not the amount in the Lease Purchase Agreement equals the Debt Service Reserve Fund Requirement. Moneys on deposit in the Debt Service Reserve Fund may be used to pay Bonds called for redemption or to purchase Bonds in the open market, prior to their Stated Maturity, provided all Bonds at the time Outstanding are called for redemption or purchased and sufficient funds are available therefor. Moneys on deposit in the Series 2017A Account of the Debt Service Reserve Fund shall be used to pay and retire the Bonds last becoming due, unless such Bonds and all interest thereon are otherwise paid.

So long as the sum on deposit in the Series 2017A Account of 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. If, however, the Trustee is ever required to withdraw funds from the Series 2017A Account of the Debt Service Reserve Fund to prevent a default as in the Indenture provided and the withdrawal of such funds reduces the amount on deposit in the Debt Service Reserve Fund to less than the Debt Service Reserve Fund Requirement, the Lease Purchase Agreement provides that the City shall make up such deficiency by making monthly payments of Additional Rentals, commencing on the first day of the calendar month following the date of such withdrawal and continuing on the first day of each month thereafter, in an amount equal to one-twelfth (1/12) of the maximum amount of such deficiency, until the amount on deposit in the Series 2017A Account of the Debt Service Reserve Fund again aggregates a sum equal to the Debt Service Reserve Fund Requirement.

In the event that the sum on deposit in the Series 2017A Account of the Debt Service Reserve Fund exceeds the Debt Service Reserve Fund Requirement by reason of the issuance of Additional Bonds refunding a portion or all of one or more Series of Bonds hereunder, the Corporation may direct the Trustee to transfer such excess funds to the accounts or subaccounts of the Bond Fund associated with the Series of Bonds being refunded.

Notwithstanding the foregoing, any of the following may be used in lieu of or as partial substitution for cash in the Series 2017A Account of the Debt Service Reserve Fund: an 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 obtained from an entity that is rated in one of the three highest rating categories (without regard to modifiers) by any one or more rating agency which rates such entity. In the case of the utilization of any cash substitute as described in this paragraph, any moneys remaining in the Series 2017A Account of the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement shall be transferred to the account and subaccounts in the Bond Fund attributable to each Outstanding Series of Bonds pursuant to the Indenture, or if such cash substitute is attributable to a particular Series of Bonds, the Corporation may direct the Trustee to transfer such funds in excess of the

Debt Service Reserve Fund Requirement to the accounts or subaccounts of the Bond Fund associated with such Series of Bonds.

Valuation of Debt Service Reserve Fund.

Permitted Investments in the Series 2017A Account of the Debt Service Reserve Fund shall be evaluated at the market value thereof, exclusive of accrued interest, 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), or in the event the surety bond or other credit facility no longer qualifies under the definition of "Series 2017A Debt Service Reserve Account Requirement" including failure to meet the ratings requirements, the Lease Purchase Agreement provides that the City shall make up such deficiency as Additional Rentals equal to such deficiency no later than the next evaluation date and investment earnings on funds in the Debt Service Reserve Fund shall remain therein and be applied to reducing such deficiency. In the event that on any such date of evaluation the amount on deposit in the Debt Service Reserve Fund shall aggregate an amount which is equal to or exceeds the Debt Service Reserve Fund Requirement, such amount in excess of the Debt Service Reserve Fund Requirement shall be transferred to the account and subaccounts in the Project Fund, to each of the Facilities Account and the Improvement Account on a pro rata basis, and following completion of the Project shall be deposited to the Series 2017A Debt Service Account of the Bond Fund.

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, the Lease Purchase Agreement, and any agreement with respect to Credit Facility, all amounts remaining in the Series 2017A Account of the Debt Service Reserve Fund shall be paid to the City.

Application of Moneys in the Rebate Fund.

There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement. All money at any time deposited in the Rebate Fund shall be held in trust, to the extent required to satisfy the Rebate Amount (as defined in the Arbitrage Instructions) for payment to the United States of America, and neither the Corporation, the City nor the Owner of any Bond shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by the provisions of the Indenture described in this section and by the Arbitrage Instructions.

The Trustee shall periodically retain at the expense of the City, a rebate analyst to determine the amounts subject to rebate under Section 148(f) of the Code in accordance with the Arbitrage Instructions, and the Corporation shall make or cause to be made payments to the United States Government at the times and in the amounts determined under the Arbitrage Instructions. The Trustee shall have no obligation to pay any amounts required to be rebated pursuant to this Section and the Tax Compliance Agreement, other than from moneys held in the Rebate Fund as provided in the Indenture or from other moneys provided to it by the Corporation. Any funds remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any Rebate Amount (as defined in the Arbitrage Instructions), or provision made therefor, shall be withdrawn and released to the City.

Notwithstanding any other provision of the Indenture, the obligation to pay Rebate Amounts to the United States and to comply with all other requirements of this Section and the Arbitrage Instructions shall survive the defeasance or payment in full of the Bonds.

Payments Due on Business Days.

In any case where the Maturity of principal of, or redemption premium, if any, or interest on, any Bonds or the days fixed for redemption of any Bonds shall be a day other than a Business Day, then payment of principal, redemption premium, if any, or interest on such Bonds need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest 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 at its Maturity or otherwise, or at the Redemption Date thereof, 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 his part under the Indenture or on, or with respect to, said Bond. If any Bond shall not be presented for payment within five years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall repay to the City without liability for interest thereon 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 from the Bond Fund.

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 this Indenture), and the fees, charges and expenses of the Trustee and Paying Agents and any other amounts required to be paid under this Indenture, the applicable Supplemental Indenture and Lease Purchase Agreement, all amounts remaining in the Bond Fund shall be paid to the City upon the expiration or sooner termination of the Lease Purchase Agreement.

Provisions Relating to Credit Facility issued by the Credit Facility Provider for the Series 2017A Bonds.

- (a) The prior written consent of the Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Series 2017A Debt Service Reserve Account. Notwithstanding anything to the contrary set forth in the Indenture, amounts on deposit in the Series 2017A Debt Service Reserve Account shall be applied solely to the payment of debt service due on the Series 2017A Bonds.
- (b) The Insurer shall be deemed to be the sole holder of the Insured Series 2017A Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Insured Series 2017A Bonds are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each Insured Series 2017A Bond, the Trustee (solely with respect to the Series 2017A Bonds) and each Bondholder appoint the

Insurer as their agent and attorney-in-fact and agree that the Insurer may at any time during the continuation of any proceeding by or against the Issuer under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee (solely with respect to the Series 2017A Bonds) and each Insured Bondholder delegate and assign to the Insurer, to the fullest extent permitted by law, the rights of the Trustee and each Insured Bondholder in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. Remedies granted to the Bondholders shall expressly include mandamus.

- (c) If acceleration is permitted under the Indenture, the maturity of Insured Series 2017A Bonds shall not be accelerated without the consent of the Insurer and in the event the maturity of the Insured Series 2017A Bonds is accelerated, the Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Issuer) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Insurer's obligations under the Insurance Policy with respect to such Insured Series 2017A Bonds shall be fully discharged.
- (d) No grace period for a covenant default shall exceed thirty (30) days or be extended for more than sixty (60) days, without the prior written consent of the Insurer. No grace period shall be permitted for payment defaults.
- (e) The Insurer shall be included as a third party beneficiary to the Indenture, the Lease, the Base Lease and the Leasehold Deed of Trust.
- (f) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Insured Series 2017A Bonds to be redeemed shall be subject to the approval of the Insurer. The exercise of any provision of the Indenture which permits the purchase of Insured Series 2017A Bonds in lieu of redemption shall require the prior written approval of the Insurer if any Bond so purchased is not cancelled upon purchase.
- (g) The Indenture, Base Lease, Lease and Leasehold Deed of Trust (each a "Related Document"), shall not be amended, supplemented, modified or waived without the prior written consent of the Insurer.
- (h) The rights granted to the Insurer under the Indenture or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Bondholders and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the Bondowners or any other person is required in addition to the consent of the Insurer.
- (i) Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments

on Treasuries 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 Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for "AAA" defeasance under then existing criteria of S & P or any combination thereof, shall be used to effect defeasance of the Bonds unless the Insurer otherwise approves.

To accomplish defeasance, the Issuer shall cause to be delivered to the Insurer (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Insured Series 2017A Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Insured Series 2017A Bonds are no longer "Outstanding" under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Issuer, Trustee and Insurer. The Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

Insured Series 2017A Bonds shall be deemed "Outstanding" under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

- (j) Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of the Indenture and the Insured Series 2017A Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Issuer in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.
- (k) Each of the Issuer and Trustee covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Trust Estate under applicable law.
- (l) Claims Upon the Insurance Policy and Payments by and to the Insurer.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the Insured Series 2017A Bonds due on such Payment Date, the Trustee shall give notice to the Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Insured Series 2017A Bonds due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Insured Series 2017A Bonds and the amount required to pay principal of the Insured Series 2017A Bonds, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

The Trustee shall designate any portion of payment of principal on Insured Series 2017A Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Series 2017A Bonds registered to the then current Insured Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Bond to the Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Insured Series 2017A Bond shall have no effect on the amount of principal or interest payable by the Issuer on any Insured Series 2017A Bond or the subrogation rights of the Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Insured Bond. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Bondholders referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Insurance Policy in trust on behalf of Insured Series 2017A Bondholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Bondholders in the same manner as principal and interest payments are to be made with respect to the Insured Series 2017A Bonds under the sections hereof regarding payment of Insured Series 2017A Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Issuer agrees to pay to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Insured Series 2017A Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Issuer hereby covenants and agrees that the Insurer Advances are secured by a lien on and pledge of the Rentals and payable from such Rentals on a parity with debt service due on the Insured Series 2017A Bonds. The Issuer hereby further covenants and agrees that the interest on the Insurer Advances, are secured by a lien on and pledge of the Trust Estate and payable from such Trust Estate.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following an Insured Series 2017A Bond payment date shall promptly be remitted to the Insurer.

- (m) The Insurer shall, to the extent it makes any payment of principal of or interest on the Insured Series 2017A Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the Issuer to the Insurer under the Related Documents shall survive discharge or termination of such Related Documents.
- (n) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Issuer or rebate only after the payment of past due and current debt service on the Insured Series 2017A Bonds and amounts required to restore the Series 2017A Debt Service Reserve Account to the Debt Service Reserve Fund Requirement.
- (o) The Insurer shall be entitled to pay principal or interest on the Insured Series 2017A Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Insurance Policy) and any amounts due on the Insured Series 2017A Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.
- (p) The notice address of the Insurer is: Assured Guaranty Municipal Corp., 1633 Broadway, New York, New York 10019, Attention: Managing Director- Surveillance, Re: Policy No. 218335-N Telephone: (212) 974-0100; Telecopier: (212) 339-3556. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the Deputy General Counsel- Public Finance and shall be marked to indicate "URGENT MATERIAL ENCLOSED."
- (q) The Insurer shall be provided with the following information by the Issuer or Trustee, as the case may be provided, that the reporting requirements of this paragraph will be satisfied to the extent such information has been posted with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access repository:
 - (i) Notice of any draw upon the Series 2017A Debt Service Reserve Account within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Debt Service Reserve Fund Requirement and (ii) withdrawals in connection with a refunding of Insured Series 2017A Bonds;
 - (ii) Notice of any default known to the Trustee or Issuer within five Business Days after knowledge thereof;
 - (iii) Prior notice of the advance refunding or redemption of any of the Insured Series 2017A Bonds, including the principal amount, maturities and CUSIP numbers thereof;
 - (iv) Notice of the resignation or removal of the Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;
 - (v) Notice of the commencement of any proceeding by or against the City commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

- (vi) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Insured Series 2017A Bonds;
 - (vii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and
 - (viii) All reports, notices and correspondence to be delivered to Bondholders under the terms of the Related Documents.
- (r) The Insurer shall have the right to receive such additional information as it may reasonably request.
 - (s) The Trustee shall notify the Insurer of any failure of the Issuer to provide notices, certificates and other information under the transaction documents.
 - (t) Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the Indenture, no such issuance may occur (1) if and Event of Non-Appropriation occurs or an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Debt Service Reserve Fund is fully funded at the Debt Service Reserve Fund Requirement (including the proposed issue) upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the Insurer.
 - (u) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the Series 2017A Bonds or the rights of the Bondholders, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.
 - (v) No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Insured Series 2017A Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.
 - (w) So long as any Insured Series 2017A Bonds remain outstanding or any amounts are owed to the Insurer, the Issuer shall not issue or incur indebtedness payable from or secured in whole or in part by the Rentals that (i) bears interest at other than fixed rates or (ii) permits the holder to tender such indebtedness for purchase prior to the stated maturity thereof, in either case without the prior written consent of the Insurer.
 - (x) So long as any Insured Series 2017A Bonds insured by the Insurer remain outstanding or any amounts are owed to the Insurer by the Issuer, the Issuer shall not enter into any interest rate exchange agreement, cap, collar, floor ceiling or other agreement or instrument involving reciprocal payment obligations between the Issuer and a counterparty based on interest rates applied to a notional amount of principal, without the prior written consent of the Insurer, secured by and payable from Rentals.

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 the

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 applicable Supplemental Indenture, if any, and the Lease Purchase Agreement, and, until used or applied as provided in the Indenture, shall, except for moneys held in the Rebate Fund, constitute part of the Trust Estate and be subject to the lien hereof. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

Investment of Moneys in the Project Fund, the Costs of Issuance Fund, the Bond Fund and the Debt Service Reserve Fund.

Moneys held in the Project Fund, the Costs of Issuance Fund, the Bond Fund and the Debt Service Reserve Fund created by the Indenture or any subaccount created by the Supplemental Indenture authorizing any Series of Bonds, if any, shall, pursuant to written direction of the City, signed by the Treasurer or his designee and in accordance with the Tax Compliance Agreement 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. If the City fails to provide written directions concerning investments, the Trustee is authorized to invest such moneys in Permitted Investments of the type described in paragraph (7) of the definition thereof. The Trustee is authorized to implement its automated cash investment system to assure that cash on hand is invested and to charge its normal cash management fees, which may be deducted from income earned on investments. The Trustee is authorized, in making or disposing of any investment permitted by this Section, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account. The Trustee may pool moneys for investment purposes, except moneys held in any Fund that are required to be yield restricted in accordance with the Tax Compliance Agreement shall not be commingled with other money and shall be invested separately. 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. Any such money shall be a part of such fund in which such moneys are originally held. 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. The Trustee shall transfer excess monies in the Debt Service Reserve Fund to the Bond Fund after any quarterly valuation required by a Supplemental Indenture. The Trustee may make any and all investments permitted by this Section through its own bond department or short-term investment department.

Payment of Principal, Redemption Premium, if any, and Interest.

The Corporation will deposit or cause to be deposited in the Bond Fund sufficient sums from Rentals, Additional Rentals and other revenues, moneys and receipts derived by the Corporation pursuant to the Lease Purchase Agreement 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.

Authority to Execute Indenture and Issue Bonds.

The Corporation is duly authorized to execute the Indenture, to issue the Bonds and to pledge and assign the Trust Estate in the manner and to the extent set forth in the Indenture; all action on its part for the execution and delivery of the Indenture and the issuance of the Bonds has been duly and effectively

taken; and the Bonds in the hands of the Bondholders thereof are and will be valid and enforceable obligations of the Corporation according to the import thereof.

Instruments of Further Assurance: Encumbrances of Trust Estate.

The Corporation will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such Supplemental Indentures and such further acts, instruments, financing statements and other documents as the Trustee may reasonably require for the better assuring, pledging and assigning unto the Trustee, the property and revenues described in the Indenture to the payment of the principal of, and redemption premium, if any, and interest on, the Bonds.

Filing of Security Instruments.

The Indenture is intended to be a security agreement pursuant to the Uniform Commercial Code for any of the items specified as part of the interest of the Trustee on behalf of the Bondholders in the Property which, under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code, and the Corporation has granted the Trustee on behalf of the Bondholders, a security interest in said items, whether now or hereafter acquired, and including all products and proceeds of said items. The Corporation will cause all appropriate financing and continuation statements and other security instruments to be filed or recorded, as applicable, in such manner, at such times and in such places as may be required by law to fully preserve and protect the security of the Bondholders and the rights of the Trustee under the Indenture.

Inspection of Project Books.

All books and documents in the Corporation's possession relating to the Rentals and other revenues, moneys and receipts derived by the Corporation pursuant to the Lease Purchase Agreement shall at all times be open to inspection by such accountants or other agencies as the Trustee may from time to time designate.

Enforcement of Rights Under the Lease Purchase Agreement.

The Corporation will enforce all of the rights and all of the obligations of the City under the Lease Purchase Agreement 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 upon the direction of the Trustee. The Trustee as assignee of the Lease Purchase Agreement 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 Purchase Agreement for and on behalf of the Bondholders, whether or not the Corporation is in default hereunder.

Damage, Destruction and Condemnation.

If the Communications Property component of the Project or the Facilities component of the Project or any portion thereof is destroyed or damaged by fire or other casualty, or if title to or temporary use of the Communications Property or the Facilities or the interest of the City or of the Corporation therein, as applicable, 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 the Lease Purchase Agreement.

Tax Exemption.

The Corporation will comply with the Lease Purchase Agreement with respect to the exemption of the interest on Bonds from Federal income taxation.

Rebate.

The Trustee shall at the times specified in the Tax Compliance Agreement at the expense of the City, employ an individual or firm having the requisite expertise to make, the calculation(s) required by the Tax Compliance Agreement and the Corporation shall pay to the United States the amount, if any, required to be rebated by the Tax Compliance Agreement and invest proceeds of the Bonds only as provided in the Tax Compliance Agreement. Anything in the Indenture to the contrary notwithstanding, the Tax Compliance Agreement may be amended or superseded by a new Tax Compliance Agreement accompanied by an opinion of Bond Counsel addressed to the Corporation and the Trustee to the effect that the use of said new Tax Compliance Agreement will not cause the interest on the Bonds to become includable in gross income for Federal income tax purposes of the recipient thereof.

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 by the Indenture, and the continuance thereof for a period of 60 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 60-day period, the Trustee may consent in writing to an 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 60-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 under this subparagraph (c) the City shall have the rights specified in subparagraph the Indenture; or
- (d) An Event of Default under the Lease Purchase Agreement.

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 and the City, upon receipt of such notice, shall have the rights specified in 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. If the payment of the Bonds is accelerated under this Section, each Bond shall be payable in the principal amount thereof and accrued interest thereon.

Surrender of Possession of Trust Estate Rights and Duties of Trustee in Possession.

If an Event of Default shall have occurred and be continuing, the Corporation, upon demand of the Trustee, shall forthwith surrender the possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all or any part of the Trust Estate, together with the books, papers and accounts of the Corporation pertaining thereto, and including the rights and the position of the Corporation under the Lease Purchase Agreement and to collect, receive and sequester the Rentals and other revenues, moneys and receipts derived under the Lease Purchase Agreement, 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 expenses and charges of the Trustee and its agents and counsel hereunder, and the Trustee shall apply the remainder of the moneys so received in accordance with the Indenture. The collection of such Rentals, revenues and other receipts, or the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder 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.

The City shall 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 Purchase Agreement or (ii) that sufficient funds have been budgeted and appropriated 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 Rentals for the Fiscal Year to which such notice pertains and to make such payments of Additional Rentals as shall be required during such Fiscal Year by the terms of the Lease Purchase Agreement. If the Trustee does not receive such notice the Trustee shall make independent inquiry of the fact of whether or not 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 Purchase Agreement shall terminate without penalty on the last day of the then current Fiscal Year. Failure of the City to budget and appropriate prior to July 1 of each year funds in the minimum amount equal to the Rentals and a reasonable estimate of Additional Rentals during such Fiscal Year, shall constitute termination of the Lease Purchase Agreement at the end of the Fiscal Year then in effect, and failure to give notice to the Corporation of such termination as heretofore provided shall not affect such automatic termination.

Upon the occurrence and continuance of any Event of Non-Appropriation, the Trustee shall notify the City to vacate its interest in the Property immediately (but in no event earlier than the expiration of the then current Fiscal Year for which the Lessee 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, (i) terminate the Lease Purchase Agreement, foreclose on the Deed of Trust, re-enter the Property and eject all parties in possession thereof therefrom and sublease the Project or (ii) take any action at law or in equity deemed necessary or desirable to enforce its rights with respect to the Project.

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 this 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 set forth in the Indenture or to enforce or realize upon any of the rights, powers, liens or interests granted by the Indenture 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 Missouri Uniform Commercial Code or other applicable laws including those provided in the Deed of Trust 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 the Indenture, 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 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 hereunder or for the appointment of a receiver or any other remedy hereunder unless:

- (i) a default has occurred of which the Trustee has been notified as provided the Indenture or of which by said subsection the Trustee is deemed to have notice;
- (ii) such default shall have become an Event of Default;

- (iii) 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 granted in the Indenture or to institute such action, suit or proceeding in its own name, and shall have provided to the Trustee indemnity as provided in the Indenture; and
- (iv) the Trustee shall thereafter fail or refuse to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name;

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 hereunder; 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 Purchase Agreement or pursuant to any right given or action taken under the Indenture or any other provisions of the Indenture, shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the fees, charges, expenses, liabilities, advances and dues incurred or made by the Trustee, be deposited in the Bond Fund and any other Bond Fund created for the payment of Bonds and all moneys so deposited in the Bond Fund or such other Bond Fund shall be applied as follows:

- (a) 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 this 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.

- (b) 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.

- (c) 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 then, subject to subparagraph (b) of this Section, in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with subparagraph (a) of this Section.

Whenever moneys are to be applied pursuant to the provisions 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 under the provisions described in this Section, and all fees, expenses and charges of the Trustee have been paid, and all amounts owing the United States Government under Section 148 of the Code have been paid, any balance remaining in the Bond Fund shall be paid to the City.

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 hereunder 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 hereunder, 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 shall waive any Event of Default and its consequences and rescind any declaration of maturity of principal upon the written request of the Registered Owners of at least a majority in aggregate principal amount of all Bonds then Outstanding; 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 fees, charges and expenses of the Trustee in connection with such default shall have been paid or provided for. In case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Corporation, the City, the Trustee and the Bondholders shall be restored to their former positions, rights and obligations hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon. The Trustee may not waive any Event of Default without the consent of the Credit Facility Provider.

Opportunity of City to Purchase Corporation's Interest in Event of Default and to Cure Defaults.

Upon receipt of notice by the City of an Event of Default pursuant to subparagraph (a) or (b) of the provisions described under "Events of Default" above, the Corporation has, by the Lease Purchase Agreement, granted the City an option to purchase the Corporation's interest in the Property under the Lease Purchase Agreement. Upon receipt of notice by the City of an Event of Default pursuant to subparagraph (c) of the provisions described under "Events of Default" above, the Corporation by the Indenture 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.

Acceptance of the Trusts.

The Trustee accepts the trusts imposed upon it by the Indenture, and agrees to perform said trusts exercising the same degree of care and skill as a prudent person ordinarily would exercise under the circumstances, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into the Indenture against the Trustee:

- (a) The Trustee, prior to the occurrence of an Event of Default and after curing all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. If any Event of Default shall have occurred and be continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his affairs.
- (b) The Trustee may execute any of the trusts or powers hereunder or perform any duties under the Indenture either directly or through agents, attorneys or receivers and shall not be responsible for any misconduct or negligence on the part of any attorney or receiver appointed or chosen by it with due care, and the Trustee shall be entitled to act or refrain from acting upon the opinion or advice of Counsel, who may be Counsel to the Corporation or to the City, concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such agents, attorneys and receivers as may reasonably be employed in connection with the trusts hereof. The Trustee shall not be responsible for any loss or damage resulting from an action or non-action by it taken or omitted to be taken in good faith in reliance upon such opinion or advice of Counsel.
- (c) The Trustee shall not be responsible for any recital in the Indenture or in the Bonds (except with respect to the Certificate of Authentication of the Trustee appearing on the Bonds), or for the filing or refiling of the Indenture or any security agreements in connection therewith, or for the validity of the execution by the Corporation of the Indenture or any Supplemental Indentures or instruments of further assurance, or for the sufficiency of the security for the Bonds.
- (d) The Trustee shall not be accountable for the use of any Bonds authenticated and delivered hereunder. The Trustee, in its individual or any other capacity, may become the owner or pledgee of Bonds with the same rights which it would have if it were not Trustee.
- (e) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, affidavit, letter, telegram or other paper or document provided for under the Indenture believed by it to be genuine and correct and to have been signed, presented or sent by the proper person or persons.
- (f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, or whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the

Trustee shall be entitled to rely upon a certificate signed by a Corporation Representative and a City Representative, as the case may be, as sufficient evidence of the facts therein contained, and prior to the occurrence of a default of which the Trustee has been notified or of which by said subparagraph it is deemed to have notice, the Trustee shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

- (g) The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful misconduct.
- (h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the Corporation to cause to be made any of the payments to the Trustee required to be made under the Indenture, unless the Trustee shall be specifically notified in writing of such default by the Corporation or by the Registered Owners of at least twenty-five percent (25%) in aggregate principal amount of all Bonds then Outstanding.
- (i) At any and all reasonable times the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right, but shall not be required, to inspect all books, papers and records of the Corporation pertaining to the Project, and the Bonds, and to make copies of such memoranda as may be reasonably desired.
- (j) The Trustee shall not be required to give any bond or surety in respect of the execution of its trusts and powers hereunder or otherwise in respect of the premises.
- (k) The Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of the Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee deemed necessary for the purpose of establishing the right of the Corporation to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.
- (l) Before taking any action under the Indenture, the Trustee may require that satisfactory and reasonable indemnity be furnished to it for the reimbursement of all fees, costs and expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct by reason of any action so taken.
- (m) The Trustee shall invest funds held by it in accordance with the Indenture.
- (n) The Trustee may elect not to proceed in accordance with the directions of the Bondholders without incurring any liability to the Bondholders if in the opinion of the Trustee such direction may result in environmental or other liability to the Trustee, in its capacity as trustee or in an individual capacity, for which the

Trustee has not received indemnity pursuant to the Indenture from the Bondholders, and the Trustee may rely upon an opinion of counsel addressed to the Corporation and the Trustee in determining whether any action directed by Bondholders or the Corporation may result in such liability.

- (o) The Trustee may inform the Bondholders of environmental hazards that the Trustee has reason to believe exist, and the Trustee shall have the right to take such action as it shall determine or to take no further action if the Trustee determines that any such action or inaction would materially and adversely subject the Trustee to environmental or other liability for which the Trustee has not received indemnity pursuant to the Indenture.
- (p) Notwithstanding any other provision of the Indenture to the contrary, any provision intended to provide authority to act, right to payment of fees and expenses, protection, immunity and indemnification to the Trustee shall be interpreted to include any action of the Trustee whether it is deemed to be in its capacity as Trustee, Bond Registrar and Paying Agent.

Fees, Charges and Expenses of the Trustee.

The Trustee shall be entitled to payment of and/or reimbursement for reasonable fees for its ordinary services rendered under the Indenture and all advances, agent and counsel fees and other ordinary expenses reasonably and necessarily made or incurred by the Trustee in connection with such ordinary services and, in the event that it should become necessary that the Trustee perform extraordinary services, it shall be entitled to reasonable extra compensation therefor and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith; provided, that, if such extraordinary services or extraordinary expenses are occasioned by the neglect or misconduct of the Trustee it shall not be entitled to compensation or reimbursement therefor. The Trustee shall be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as Paying Agent for the Bonds and as Bond Registrar. Pursuant to the Lease Purchase Agreement, the City has agreed to pay to the Trustee all such fees, charges and expenses of the Trustee under the Indenture. The Trustee agrees that the Corporation shall have no liability for any fees, charges and expenses of the Trustee, and the Trustee agrees to look only to the City for the payment of all fees, charges and expenses of the Trustee and any Paying Agents as provided in the Lease Purchase Agreement. Upon the occurrence of an Event of Default and during its continuance, the Trustee shall have a lien with right of payment prior to payment on account of principal, or redemption premium, if any, or interest on, any Bond, upon all moneys in its possession under any provision hereof for the foregoing advances, fees, costs and expenses incurred.

Notice to Bondholders if Default Occurs.

If an Event of Default occurs of which the Trustee is by the Indenture required to take notice or if notice of default be given as in the Indenture provided, then the Trustee shall give written notice thereof by first class mail, postage prepaid, to the Holders of all Bonds then Outstanding at their respective addresses appearing on the Bond Register.

Intervention by the Trustee.

In any judicial proceeding to which the Corporation is a party and which, in the opinion of the Trustee and its Counsel, has a substantial bearing on the interests of the Bondholders, the Trustee may intervene on behalf of Bondholders and shall do so if requested in writing by the Registered Owners of at least twenty-five percent (25%) of the aggregate principal amount of Bonds then Outstanding, provided

that the Trustee shall first have been provided such reasonable indemnity as it may require against the fees costs, expenses and liabilities which it may incur in or by reason of such proceeding.

Successor Trustee Upon Merger, Consolidation or Sale.

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

Resignation of Trustee.

The Trustee and any successor Trustee may at any time resign from the trusts by the Indenture created by giving at least 30 days written notice to the Corporation, the City, the Credit Facility Provider and the Bondholders, but such resignation shall not take effect until the appointment of a successor Trustee by the Bondholders or by the Corporation and approved by the City of each successor pursuant to the Indenture and the successor Trustee has accepted such appointment pursuant to the Indenture.

Removal of Trustee.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee, the Corporation, and the City not less than ten (10) days prior to such removal and signed by the Holders of a majority in aggregate principal amount of Bonds then Outstanding, but such removal shall not take effect until the appointment of a successor Trustee by the Bondholders or by the Corporation and approval by the City of such successor pursuant to the Indenture, and the successor Trustee has accepted such appointment pursuant to the Indenture. The Trustee may be removed at any time, at the request of the Credit Facility Provider, for any breach of the trust set forth in the Indenture.

Appointment of Successor Trustee.

In case the Trustee shall resign or be removed, or shall otherwise become incapable of acting hereunder, 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 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 and acceptable to the Credit Facility Provider or any corporation or association resulting from any merger, conversion, sale, consolidation or transfer to which it is a party, shall be and become successor Trustee hereunder. If a successor Trustee or temporary trustee has not been appointed

within 30 days after the notice required by the Indenture is given the Trustee, the City or the Corporation may petition a court of competent jurisdiction for the appointment of a successor trustee.

Vesting of Trusts in Successor Trustee.

Every successor Trustee appointed under the Indenture shall execute, acknowledge and deliver to its predecessor and also to the Corporation and the City an instrument in writing accepting such appointment under the Indenture, and thereupon such successor shall become fully vested with all the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of its predecessor; but such predecessor nevertheless, on the written request of the Corporation, shall execute and deliver an instrument transferring to such successor Trustee all the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of such predecessor under the Indenture. Every predecessor Trustee shall deliver all securities and moneys held by it as Trustee under the Indenture to its successor. Should any instrument in writing from the Corporation be required by any predecessor or successor Trustee for more fully and certainly vesting in such successor the trusts, powers, rights, obligations, duties, remedies, immunities and privileges by the Indenture vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Corporation. Written notice of the appointment of any successor trustee, stating its name and address shall be given by such successor trustee to the Bondholders.

Right of Trustee to Pay Taxes and Other Charges.

In case any tax, assessment or governmental or other charge upon, or insurance premium with respect to, any part of the Project is not paid as required in the Indenture or in the Lease Purchase Agreement, the Trustee may pay such tax, assessment or governmental or other charge or insurance premium without prejudice to any rights of the Trustee or the Bondholders hereunder arising in consequence of such failure; but the Trustee shall be under no obligation to make any such payment unless it shall have been requested to do so by the Registered Owners of at least twenty-five percent (25%) of the aggregate principal amount of Bonds then Outstanding and shall have been provided adequate funds for the purpose of such payment. Any amount at any time so paid under the Indenture, with interest thereon from the date of payment at the prime rate of the Trustee plus two percent (2%), shall become an additional obligation secured by the Indenture, and the same shall be given a preference in payment over any payment of principal of, or redemption premium, if any, or interest on, the Bonds, and shall be paid out of the Rentals and any other revenues and receipts derived by the Corporation pursuant to the Lease Purchase Agreement, if not otherwise caused to be paid.

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 Purchase Agreement, 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.

In the event that the Trustee appoints an additional individual or institution as a co-trustee or separate trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, title,

interest and lien expressed or intended by the Indenture to be exercised by the Trustee with respect thereto shall be exercisable by such co-trustee or separate trustee but only to the extent necessary to enable such co-trustee or separate trustee to exercise such powers, rights and remedies, and every covenant, agreement and obligation necessary to the exercise thereof by such co-trustee or separate trustee shall run to and be enforceable by either of them.

Should any deed, conveyance or instrument in writing from the Corporation be required by the co-trustee or separate trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Corporation. In case the co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, all the properties, rights, powers, trusts, duties and obligations of the co-trustee or separate trustee, so far as permitted by law, shall vest in a new co-trustee or separate trustee who shall be appointed by the Trustee. The co-trustee or separate trustee shall be entitled to such compensation for its services as is reasonable and customary.

Accounting.

Unless doing so more frequently, the Trustee shall provide an annual accounting for each 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.

Paying Agents.

The Corporation may appoint a Paying Agent other than the Trustee for any Series of Bonds and covenants and agrees that upon such appointment it will cause such Paying Agent to execute and deliver to the Trustee an instrument in compliance with the provisions in the Indenture.

Supplemental Indentures Not Requiring Consent of Bondholders.

Subject to the Indenture, the Corporation with the approval of the Board of Aldermen and the Trustee 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

- (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 either of them;
- (c) To subject to the Indenture additional revenues, properties or collateral;
- (d) To issue Additional Bonds provided in the Indenture;

- (e) To make any other change which in the sole determination of the Trustee does not materially adversely affect the Bondholders; in making such determination the Trustee may rely on the opinion of such Counsel as it may select; 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 which do not require consent of bondholders as described above, 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, the 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 (i) an extension of the maturity of the principal of or the interest on any Bond, or (ii) a reduction in the principal amount of any Bond or the rate of interest thereon, or (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) 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, that the Trustee enter into any such Supplemental Indenture for any of the purposes of this section, the Trustee shall cause notice of the proposed execution of such Supplemental Indenture to be mailed to each Bondholder at his address as shown by the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Bondholders. 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 and 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.

City Consent to Supplemental Indentures.

Any Supplemental Indenture that affects any rights or obligations of the City shall not become effective unless and until the City shall have consented in writing to the execution and delivery of such Supplemental Indenture, provided, that receipt by the Trustee of a Supplemental Lease Purchase Agreement executed by the City in connection with the issuance of Additional Bonds under the Indenture shall be deemed to be the consent of the City to the execution of a Supplemental Indenture pursuant to the Indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such Supplemental Indenture (other than a Supplemental Indenture proposed to be executed and delivered in connection with Additional Bonds) together with a copy of the proposed Supplemental Indenture to be mailed to the City at least 90 days prior to the proposed date of execution and delivery of any such Supplemental Indenture. Notwithstanding the provisions of the immediately preceding sentence, the City's right to consent to a Supplemental Indenture shall terminate for so long as an Event of Default has occurred and is continuing under the Lease Purchase Agreement.

Opinion of Bond Counsel.

Before the Corporation and the Trustee enter into any Supplemental Indenture, there shall have been delivered to the City, the Corporation and the Trustee an Opinion of Bond Counsel stating that such Supplemental Indenture is authorized or permitted by the Indenture, will upon the execution and delivery thereof be valid and binding upon the Corporation in accordance with its terms, and will not adversely affect the validity of the Bonds or the exclusion from federal gross income of interest on any Bonds that have been issued as tax-exempt bonds.

Supplemental Lease Purchase Agreements and Supplemental Base Leases Not Requiring Consent of Bondholders.

The Corporation and the Trustee shall, with the written consent of the City, and the Credit Facility Provider but without the consent of or notice to the Bondholders consent to the execution of any Supplemental Lease Purchase Agreement and any Supplemental Base Lease, as may be required (a) by the Lease Purchase Agreement, 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 sole determination of the Trustee, does not materially adversely affect the interests of the Trustee or the Bondholders; in making such determination the Trustee may rely on the opinion of such Counsel as it may select.

Supplemental Lease Purchase Agreements and Supplemental Base Leases Requiring Consent of Bondholders.

Except for Supplemental Lease Purchase Agreements and Supplemental Base Leases as provided for in the Indenture, neither the Corporation, the City, nor the Trustee shall consent to the execution of any Supplemental Lease Purchase Agreement 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 the Indenture; provided, that, the consent of all the Holders of Bonds shall be required for (i) the creation of any lien ranking superior to or on a parity with the lien of the Indenture, unless otherwise permitted, or (ii) a reduction in the aggregate principal amount of Bonds, the Holders of which are required to consent to any Supplemental Lease Purchase Agreement 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 Purchase Agreement or any Supplemental Base Lease, the Trustee shall cause notice of such proposed Supplemental Lease Purchase Agreement or Supplemental Base Lease to be mailed in the same manner as provided by the Indenture with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of such proposed Supplemental Base Lease or Supplemental Lease Purchase Agreement and shall state that copies of the same are on file at the principal corporate trust office of the Trustee for inspection by all Bondholders.

Opinion of Bond Counsel.

Before the Corporation, the City, and the Trustee consent to any amendment, change or modification of the Lease Purchase Agreement or the Deed of Trust, there shall have been delivered to the City, the Corporation, and the Trustee an Opinion of Bond Counsel stating that the amendment, change or modification of the Lease Purchase Agreement or the Deed of Trust is authorized or permitted by the Indenture and the instrument amended, changed or modified, will upon the execution and delivery thereof be valid and binding upon the Corporation and, if applicable, the City in accordance with its terms, and will not adversely affect the validity of the Bonds or the exclusion from federal gross income of interest on any Bonds that have been issued as tax-exempt bonds.

Satisfaction and Discharge of the Indenture.

When all Bonds are deemed to be paid as provided in the Indenture, and provision shall also be made for paying all other sums payable hereunder, including the fees 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 hereof 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 Bond Fund required to be paid to the City under the Indenture and except funds or 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.

The Corporation is authorized to accept a certificate by the Trustee that the whole amount of the principal, redemption premium, if any, and interest so due and payable upon all of the Bonds then Outstanding has been paid or such payment provided for in accordance with the Indenture as evidence of satisfaction of the Indenture, and upon receipt thereto shall cancel and erase the inscription of the Indenture from its records.

Notwithstanding anything in the Indenture to the contrary, in the event that the principal and/or interest due on the Bonds shall be paid by the Credit Facility Provider pursuant to the Credit Facility, the Bonds shall remain Outstanding for all purposes, not be deceased or otherwise satisfied and not be considered paid by the Corporation, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the Corporation to the registered owners shall continue to exist and shall run to the benefit of the Credit Facility Provider, and the Credit Facility Provider shall be subrogated to the rights of such registered owners.

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 (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (a) moneys sufficient to make such payment or (b) 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 referred to in this clause (ii), the Trustee shall have received a verification report of a nationally recognized independent certified public accounting firm as to the adequacy of the escrow to fully pay the Bonds deemed to be paid and there shall be delivered to the Trustee an escrow agreement, and an Opinion of Bond Counsel to the effect that the Series 2017A Bonds are no longer Outstanding under the Indenture. Each verification and Opinion of Bond Counsel shall be acceptable in form and substance, and addressed, to the Corporation, the City and the Trustee. 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 (ii) 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 the Indenture or irrevocable instructions shall have been given to the Trustee to give such notice.

Notwithstanding any other provision of the Indenture, all moneys or Defeasance Obligations set aside and held in trust pursuant to the Indenture for the payment of Bonds (including redemption premium thereon, if any) shall be applied to and used solely for the payment of the particular Bonds (including redemption premium thereon, if any) with respect to which such moneys and Defeasance Obligations have been so set aside in trust.

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.

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 and the city director and officer of the Corporation and the City of and from any personal or individual liability under the Indenture. No incorporator, member, agent, employee, director or officer of the Corporation and the City shall at any time or under any circumstances be individually or personally liable under the Indenture for anything done or omitted to be done by the Corporation hereunder. The Corporation's monetary liability under the terms of the Indenture shall be limited to amounts available to it under the Lease Purchase Agreement.

Electronic Transactions.

The transactions described in the Indenture, the Lease Purchase Agreement and the Tax Compliance Agreement 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. Unless otherwise specifically instructed in an Opinion of Bond Counsel or to the extent otherwise provided in the Indenture, the Trustee shall retain and maintain these records until three years following the final maturity of (i) the Bonds or (ii) any obligation issued to refund the Bonds. Any records maintained electronically must comply with Section 4.01 of Revenue Procedure 97-22.

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SUMMARY OF THE COMMUNICATIONS PROPERTY LEASE

The following is a summary of certain provisions of the Communications Property Base Lease dated as of December 1, 2007, as amended by the First Supplemental Communications Property Base Lease dated as of December 1, 2014 and the Second Supplemental Communications Property Base Lease dated as of June 1, 2017, each (the "Communications Property Base Lease") between the City and the Corporation. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Communications Property Base Lease for a complete recital of the terms thereof.

Representations of the City.

The City represents, warrants and covenants as follows:

- (a) The City is a municipal corporation and political subdivision duly created and existing under and pursuant to its Charter and the Constitution and laws of the State of Missouri;
- (b) The City now owns or is in the process of becoming the owner in fee of the Communications Property free and clear of any liens or encumbrances except certain Permitted Encumbrances contemplated in the Indenture and in the Lease Purchase Agreement, and such property is presently, or upon the acquisition by the City will be, exempt from property and any other taxes levied by the State of Missouri or any political subdivision thereof or by the City;
- (c) The lease of the Communications Property by the City to the Corporation, as provided in the Communications Property Base Lease, will provide an essential service to the City and will contribute to the general welfare, safety and benefit of the City and its residents and as a result thereof will serve all of the aforesaid purposes and is therefore necessary, desirable and in the public interest;
- (d) The City, pursuant to its Charter and the Ordinance, has full power and authority to enter into the transaction contemplated by the Communications Property Base Lease and to carry out its obligations hereunder, and has been duly authorized to execute and deliver the Communications Property Base Lease and by proper action has duly authorized the execution and delivery of the Communications Property Base Lease;
- (e) Neither the execution and delivery of the Communications Property Base Lease, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated by the Communications Property Base Lease, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the City is now a party or by which the City is bound; and
- (f) The City has not made, done, executed or suffered, and warrants that it will not make, do, execute or suffer, any act or thing whereby the City's interests in any property now or hereafter included in the Communications Property shall be or may be impaired, charged or encumbered in any manner whatsoever except as permitted by the

Communications Property Base Lease and the Lease Purchase Agreement.

Representation of the Corporation.

The Corporation represents, warrants and covenants as follows:

- (a) The Corporation is a nonprofit corporation duly incorporated under the Missouri Nonprofit Corporation Act and has full corporate power and authority to enter into the Communications Property Base Lease and by proper corporate action its officers have been duly authorized to execute and deliver the Communications Property Base Lease and by proper corporate action the Corporation has duly authorized the execution and delivery of the Communications Property Base Lease;
- (b) The execution and delivery of the Communications Property Base Lease and the consummation of the transactions in the Communications Property Base Lease contemplated will not conflict with or constitute a breach of or default under the Corporation's Articles of Incorporation or Bylaws or any bond, debenture, note or other evidence of indebtedness of the Corporation, or any contract, agreement or lease to which the Corporation is a party or by which it is bound;
- (c) The Corporation issued the Series 2007 Bonds to finance the costs of the Communications Property;
- (d) Prior to any termination of or default under the Lease Purchase Agreement, the Corporation will not take or cause to be taken any action which will cause the interest on the Series 2007 Bonds to be included in gross income for purposes of Federal and State of Missouri income taxation; and
- (e) The Corporation will do all things necessary to assure the continuation of the tax-exempt status of the Series 2007 Bonds. The Corporation is exempt from Federal taxation on its income pursuant to Section 501(c)(3) of the Code.

Lease of Communications Property.

The City demises and leases to the Corporation the Communications Property currently under its control and management and the Corporation leases from the City such Communications Property upon the terms and conditions provided in the Communications Property Base Lease, and with respect to the Communications Property, subject to Permitted Encumbrances, for a Communications Property Base Lease Term commencing as of the Dated Date and ending twenty (20) years beyond the final maturity date of the Series 2017A Bonds; provided, however, that if the Series 2017A Bonds have been paid in full at maturity or defeased pursuant to the Indenture and the City has not been required to surrender possession of the Communications Property due to an Event of Non-Appropriation or an Event of Default under the Lease Purchase Agreement, the Communications Property Base Lease will terminate upon such payment in full or defeasance.

The City leases and demises such Communications Property, subject to Permitted Encumbrances, to the Corporation upon the terms and conditions provided in the Communications Property Base Lease. Upon acquisition of any Communications Property not now owned by the City, the same shall become a part of the Communications Property leased hereunder, and shall be subject to all the terms, covenants,

conditions and provisions contained in the Communications Property Base Lease, without further action on the part of either party.

Each party 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 such Communications Property hereunder.

Sublease of the Communications Property.

Simultaneously with the delivery of the Communications Property Base Lease, the Corporation is leasing the Communications Property to the City pursuant to the Lease Purchase Agreement, but subject to the Indenture and the reservation of certain rights under the Communications Property Base Lease. Upon acquisition of any other property or equipment as provided in the Communications Property Base Lease from the City, the Corporation will likewise lease such property or equipment to the City pursuant to the Lease Purchase Agreement, subject to the Indenture.

Assignment, Subleases and Mortgages.

The Corporation shall not mortgage or otherwise assign its rights under the Communications Property Base Lease or sublet the Communications Property without the prior written consent of the City, and the Credit Facility Provider except in connection with any assignment of its rights as expressly provided for under the Lease Purchase Agreement.

Rent and Other Considerations.

As and for rental (the “Communications Property Base Lease Rent”) and in consideration of the leasing of the Communications Property to the Corporation under the Communications Property Base Lease, and in order to provide funds for the Communications Property, the Corporation has (a) issued, sold and caused to be delivered to the purchasers thereof the Series 2017A 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 (b) deposited the proceeds of the sale of the Series 2017A Bonds as provided in the Indenture.

Additional Bonds.

The Corporation may issue Additional Bonds for the purposes and upon the terms and conditions provided in the Indenture. The Corporation agrees, upon request of the City Representative, from time to time, to use its best efforts to issue the amount of Additional Bonds specified by the City, within the limits of law and under the conditions specified above and in the Indenture, provided that (i) the terms, manner of issuance, purchase price and disposition of proceeds of the sale of such Additional Bonds have been approved by the Board of Aldermen and the Corporation; (ii) the Corporation and the City shall have entered into a Supplemental Communications Property Base Lease and the Corporation and the City shall have entered into a Supplemental Lease Purchase Agreement, if necessary, to provide for the payment by the City of Rentals sufficient in amount to pay timely as and when due the principal of, redemption premium, if any, and interest on such Additional Bonds; and (iii) the Corporation shall have otherwise complied with the provisions of the Indenture with respect to the issuance of such Additional Bonds.

Upon the request of the City, the Corporation agrees to authorize, within the limits of law, and use its best efforts to issue and if issued to deposit with the Trustee the proceeds from the sale of Additional Bonds to complete the Project as authorized pursuant to the Indenture or to refund all of the Outstanding Bonds of any series upon the terms and conditions provided in the Indenture.

Disbursement from Project Fund.

Under the Indenture, the Corporation and the City has authorized and directed the Trustee to disburse moneys (i) in the Facilities Account of the Project Fund for payment of costs of acquisition, construction and installation of the Improvements, and (ii) in the Communications Property Account of the Project Fund for payment of the Costs of acquisition and installation of the Communications Property, upon the terms and conditions specified therein and in the Lease Purchase Agreement.

Termination.

The Communications Property Base Lease shall terminate as specified in the Communications Property Base Lease; provided, however, in the event the City pays all Rentals and Additional Rentals provided for in the Lease Purchase Agreement and exercises thereafter the option to purchase the Corporation's interest in the remaining Communications Property Base Lease Term under the Communications Property Base Lease as provided in the Lease Purchase Agreement, then the Communications Property Base Lease shall be considered assigned to the City and terminated through merger of the leasehold interest with the interest in the Communications Property, if the City is the owner of the interest and elects to terminate the leasehold interest so acquired from the Corporation. The Corporation agrees, upon such assignment and termination of the Communications Property Base Lease Term, to quit and surrender the Communications Property as it then exists.

If an Event of Default under the Lease Purchase Agreement occurs for any reason, or if the City terminates the Lease Purchase Agreement and fails to purchase the Corporation's interest in the Communications Property as provided in the Lease Purchase Agreement, the Corporation shall have the right to possession thereof for the remainder of the Communications Property Base Lease Term and shall have the right to sublease the same or, sell its interest therein and in the Communications Property Base Lease upon whatever terms and conditions it deems prudent; provided, that the Communications 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 Communications Property for the remainder of the Communications Property Base Lease Term. 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 the Lease Purchase Agreement at the time of termination or default plus interest thereon at the interest rate per annum borne by the Series 2017A Bonds or due to the Credit Facility Provider (which must be an amount sufficient to pay the principal of and all interest on the Series 2017A Bonds, or to provide for the payment thereof as provided in the Indenture or to pay amounts due to the Credit Facility Provider, 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 Communications Property or to take possession thereof (except pursuant to the Lease Purchase Agreement) or to terminate the Communications Property Base Lease prior to the termination of the Communications Property Base Lease Term upon any default by the Corporation hereunder; except that if, upon exercise of the option to purchase the Corporation's interest in the Communications Property under the Lease Purchase Agreement granted to the City in the Lease Purchase Agreement and after the payment of the purchase price specified therein and the other sums payable under the Lease Purchase Agreement, 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 Communications Property Base Lease, such termination to be effective 30 days after delivery of written

notice of such termination to the Corporation. However, in the event of any default by the Corporation hereunder, the City may maintain an action, if permitted in equity, for specific performance.

Quiet Enjoyment.

Subject to the Lease Purchase Agreement, the Corporation at all times during the term of the Communications Property Base Lease shall peaceably and quietly have and enjoy the Communications Property.

No Merger.

Subject to the provisions in the Communications Property Base Lease, no union of the interests of the City and the Corporation in the Communications Property Base Lease shall result in a merger of the Communications Property Base Lease and the Lease Purchase Agreement or of the Communications Property Base Lease and the title to the equipment described in Communications Property Base Lease.

Waiver of Personal Liability.

All liabilities under the Communications Property Base Lease on the part of the Corporation are corporate liabilities of the Corporation. No incorporator, member, agent, employee, director or officer of the Corporation, shall at any time or under any circumstances be individually or personally liable under the Communications Property Base Lease for anything done or omitted to be done by the Corporation hereunder.

Control of the Communications Property During Communications Property Base Lease Term.

During the Communications Property Base Lease Term, the Corporation shall have complete control over the Communications Property subject to the Lease Purchase Agreement, the Communications Property Base Lease and Permitted Encumbrances.

* * * * *

SUMMARY OF THE PREMISES BASE LEASE

The following is a summary of certain provisions of the Premises Base Lease dated as of December 1, 2007 as amended by the First Supplemental Premises Base Lease dated as of December 1, 2014 and the Second Supplemental Premises Base Lease dated as of June 1, 2017, each (the “Premises Base Lease”). The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Premises Base Lease for a complete recital of the terms thereof.

Representation of the Corporation.

The Corporation represents, warrants and covenants as follows:

- (a) The Corporation is a nonprofit corporation duly incorporated under the Missouri Nonprofit Corporation Act and has full corporate power and authority to enter into the Premises Base Lease and by proper corporate action its officers have been duly authorized to execute and deliver the Premises Base Lease and by proper corporate action the Corporation has duly authorized the execution and delivery of the Premises Base Lease;
- (b) The execution and delivery of the Premises Base Lease and the consummation of the transactions contemplated in the Premises Base Lease will not conflict with or constitute a breach of or default under the Corporation’s Articles of Incorporation or Bylaws or any bond, debenture, note or other evidence of indebtedness of the Corporation, or any contract, agreement or lease to which the Corporation is a party or by which it is bound;
- (c) The Corporation will issue its Series 2017A Bonds and will apply a portion of the proceeds of the Series 2017A Bonds to refund the Series 2007 Bonds which financed the costs of the Improvements;
- (d) Prior to any termination of or default under the Lease Purchase Agreement, the Corporation will not take or cause to be taken any action which will cause the interest on the Series 2017A Bonds to be included in gross income for purposes of Federal and State of Missouri income taxation; and
- (e) The Corporation will do all things necessary to assure the continuation of the tax-exempt status of the Series 2017A Bonds. The Corporation is exempt from Federal taxation on its income pursuant to Section 501(c)(3) of the Code.

Lease of Premises.

The City demises and leases to the Corporation the Premises and the Corporation leases from the City such Premises upon the terms and conditions in the Premises Base Lease provided, subject to Permitted Encumbrances, for a Premises Base Lease Term commencing as of the Dated Date and ending twenty (20) years beyond the final maturity date of the Series 2017A Bonds; provided, however, that if the Series 2017A Bonds have been paid in full at maturity or defeased pursuant to the Indenture and the City has not been required to surrender possession of the Premises due to an Event of Non-Appropriation or an Event of Default under the Lease Purchase Agreement, the Premises Base Lease will terminate upon such payment in full or defeasance.

Upon acquisition of any additional improvements not now owned by the City on the Premises, the same shall become a part of the Premises leased hereunder, and shall be subject to all the terms, covenants, conditions and provisions in the Premises Base Lease contained, without further action on the part of either party. Each party hereto 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 such Premises hereunder.

Sublease of the Facilities.

Simultaneously with the delivery of the Premises Base Lease, the Corporation is leasing the Property to the City, pursuant to the Lease Purchase Agreement, but subject to the Indenture and the reservation of certain rights under the Premises Base Lease. Upon acquisition of any other improvements or equipment as provided in the Premises Base Lease from the City, the Corporation will likewise lease to the City, such improvements or equipment pursuant to the Lease Purchase Agreement, subject to the Indenture.

Pursuant to the Lease Purchase Agreement the City agreed to cooperate to acquire, purchase, construct and install the Improvements on behalf of the Corporation.

Assignment, Subleases and Mortgages.

The Corporation shall not mortgage or otherwise assign its rights under the Premises Base Lease or sublet the Facilities without the prior written consent of the City and the Credit Facility Provider except in connection with any assignment of its rights as expressly provided for under the Lease Purchase Agreement.

Rent and Other Considerations.

As and for rental (the "Premises Base Lease Rent") and in consideration of the leasing of the Premises to the Corporation under the Premises Base Lease, the Corporation shall (a) issue, sell and cause to be delivered to the purchasers thereof the Series 2017A Bonds in the principal amount, bearing interest, maturing and having the other details as set forth in the Indenture; and (b) deposit the proceeds of the sale of the Series 2017A Bonds as provided in the Indenture.

Additional Bonds.

The Corporation may issue Additional Bonds for the purposes and upon the terms and conditions provided in the Indenture. The Corporation agrees, upon request of the City Representative, from time to time, to use its best efforts to issue the amount of Additional Bonds specified by the City, within the limits of law and under the conditions specified above and in the Indenture, provided that (1) the terms, manner of issuance, purchase price and disposition of proceeds of the sale of such Additional Bonds have been approved by the Board of Aldermen; (ii) the Corporation shall have entered into a Supplemental Premises Base Lease and the Corporation, the City shall have entered into a Supplemental Lease Purchase Agreement, if necessary, to provide for the payment by the City of Rentals sufficient in amount to pay timely as and when due the principal of, redemption premium, if any, and interest on such Additional Bonds; and (iii) the Corporation shall have otherwise complied with the provisions of the Indenture with respect to the issuance of such Additional Bonds.

Upon the request of the City, the Corporation agrees to authorize, within the limits of law, and use its best efforts to issue and if issued to deposit with the Trustee the proceeds from the sale of

Additional Bonds to complete the Project as authorized pursuant to the Indenture or to refund all or a portion of the Outstanding Bonds of any series upon the terms and conditions provided in the Indenture.

Termination.

The Premises Base Lease shall terminate as specified therein; provided, however, in the event the City pays or causes to be paid all Rentals and Additional Rentals provided for in the Lease Purchase Agreement and exercises thereafter the option to purchase the Corporation's interest in the remaining Premises Base Lease Term as provided in the Lease Purchase Agreement, then the Premises Base Lease shall be considered assigned to the City and terminated through merger of the leasehold interest with the fee interest in the property described in the Premises Base Lease, 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 Premises Base Lease Term, to quit and surrender the Facilities as they then exist.

If an Event of Default under the Lease Purchase Agreement occurs for any reason, or if the City terminates the Lease Purchase Agreement and fails to purchase the Corporation's interest in the Facilities as provided in the Lease Purchase Agreement, the Corporation shall have the right to possession thereof for the remainder of the Premises Base Lease Term and shall have the right to sublease the same or, sell its interest therein and in the Premises Base Lease upon whatever terms and conditions it deems prudent; provided, that the Facilities 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 Facilities for the remainder of the Premises Base Lease Term. 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 the Lease Purchase Agreement at the time of termination or default plus interest thereon at the interest rate per annum borne by the Bonds or due to the Credit Facility Provider (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 the Indenture, or to pay amounts due to the Credit Facility Provider with amounts so received to be credited first to such interest and then to principal), then such excess shall be paid to the 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 Facilities or to take possession thereof (except pursuant to the Lease Purchase Agreement) or to terminate the Premises Base Lease prior to the termination of the Premises Base Lease Term upon any default by the Corporation hereunder; except that if, upon exercise of the option to purchase the Corporation's interest in the Facilities under the Lease Purchase Agreement granted to the City in the Lease Purchase Agreement and after the payment of the purchase price specified therein and the other sums payable under the Lease Purchase Agreement, 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 Premises Base Lease, such termination to be effective 30 days after delivery of written notice of such termination to the Corporation. However, in the event of any default by the Corporation hereunder, the City may maintain an action, if permitted in equity, for specific performance.

Quiet Enjoyment.

Subject to the Lease Purchase Agreement, the Corporation at all times during the term of the Premises Base Lease shall peaceably and quietly have and enjoy the Facilities and use of the equipment located therein.

No Merger.

Subject to the provisions of the Premises Base Lease, no union of the interests of the City and the Corporation in the Premises Base Lease shall result in a merger of the Premises Base Lease and the Lease Purchase Agreement or of the Premises Base Lease and the fee title to the real estate described in the Premises Base Lease.

Waiver of Personal Liability.

All liabilities under the Premises Base Lease on the part of the Corporation are corporate liabilities of the Corporation. No incorporator, member, agent, employee, director or officer of the Corporation, shall at any time or under any circumstances be individually or personally liable under the Premises Base Lease for anything done or omitted to be done by the Corporation hereunder.

Control of the Facilities During Premises Base Lease Term.

During the Premises Base Lease Term, the Corporation shall have complete control over the Facilities subject to the Lease Purchase Agreement, the Premises Base Lease and Permitted Encumbrances.

* * * * *

SUMMARY OF THE LEASE PURCHASE AGREEMENT

The following is a summary of certain provisions of the Lease Purchase Agreement dated as of December 1, 2007, as amended by the First Supplemental Lease Purchase Agreement dated September 1, 2011, the Second Supplemental Lease Purchase Agreement dated as of December 1, 2014, and the Third Supplemental Lease Purchase Agreement dated as of June 1, 2017, each between the City and the Corporation (the "Lease Purchase Agreement"). The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Lease Purchase Agreement for a complete recital of the terms thereof.

Representations by the Corporation.

The Corporation represents, warrants and covenants as follows:

- (a) The Corporation is a nonprofit corporation duly incorporated under the Missouri Nonprofit Corporation Act and has corporate power to enter into the Lease Purchase Agreement, the Indenture, the Premises Base Lease, the Communications Property Base Lease, the Tax Compliance Agreement and other documents related to this transaction (the "*Corporation Documents*"), and to carry out its obligations hereunder and thereunder. By proper corporate action its officers have been duly authorized to execute and deliver the Corporation Documents.
- (b) The execution and delivery of the Corporation Documents, and the consummation of the transactions contemplated therein will not conflict with or constitute a breach of or default under the Corporation's articles of incorporation or bylaws or any bond, debenture, note or other evidence of indebtedness of the Corporation, or any contract, agreement, lease or sublease to which the Corporation is a party or by which it is bound or materially affecting its property or assets.
- (c) The Corporation has received a leasehold interest in the Premises from the City pursuant to the Premises Base Lease and has also received a leasehold interest in the Communications Property from the City pursuant to the Communications Property Base Lease and such property is free and clear of any liens and encumbrances except the Permitted Encumbrances. The Corporation will use reasonable efforts to obtain and maintain for the Facilities and the Communications Property exemptions from property and other taxes levied by the State of Missouri, any political subdivision thereof and the City.
- (d) The leasing of the Project to the City and the issuance of the Series 2017A Bonds to provide funds to the City to finance the Costs of the Project will further the public purpose of the Corporation.
- (e) The Corporation will do all things necessary and within its control to assure the continuation of the tax-exempt status of the Series 2017A Bonds.
- (f) The Corporation is exempt from federal taxation on its income pursuant to Section 501(c)(3) of the Code.

Representations by the City.

The City represents, warrants and covenants as follows:

- (g) The City is a governmental unit and political subdivision duly organized and existing under the Constitution and laws of the State. The City pursuant, to the Constitution and laws of the State and its Charter, including, but not limited to Article I, Section 1, subsections (4), (7), (8), (15), (32), (33) and (35) and Section 2 thereof, and by Ordinance No. 70521 adopted by the Board of Aldermen of the City (the “Board of Aldermen”) on January 20, 2017, and approved by the Mayor of the City on March 2, 2017 (the “*Ordinance*”), has full power and authority to execute, deliver and perform the Lease Purchase Agreement, the Tax Compliance Agreement, the Communications Property Base Lease, and other documents related to this transaction (the “*City Documents*”), and to enter into the transactions contemplated by the Lease Purchase Agreement and thereby and to carry out its obligations under the Lease Purchase Agreement and thereunder.
- (h) The lease of the Property by the Corporation to the City, as provided in the Lease Purchase Agreement, and the issuance by the Corporation of the Series 2017A Bonds will promote the economic, social, industrial, cultural and commercial growth of the City and will contribute to the general welfare and benefit of the City and its residents and is therefore necessary, desirable and in the public interest.
- (i) Neither the execution and delivery of the City Documents, or the fulfillment of or compliance with the terms and conditions thereof, or the consummation of the transactions contemplated thereby conflicts with or results in a material breach of the terms, conditions or provisions of or constitutes a default under any mortgage, deed of trust, lease or any other corporate restriction or any agreement or any statute, order, rule or regulation applicable to the City or any of its property of any court or governmental body, or results in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City under the terms of any instrument or agreement to which the City is a party.
- (j) The City has not made, done, executed or suffered, and warrants that it will not make, do, execute or suffer, any act or thing whereby the City’s interests in any property now or hereafter included in the Project shall be or may be impaired, changed or encumbered in any manner whatsoever except as permitted by the Communications Property Base Lease, the Premises Base Lease, the Indenture, or the Lease Purchase Agreement.
- (k) The City covenants and agrees to enter into and comply with the provisions of the Continuing Disclosure Agreement for the benefit of the Bondholders or similar undertaking intended to satisfy the ongoing disclosure requirements of the Securities and Exchange Commission Rule 15c2-12.
- (l) The City Documents when executed with respect to the Series 2017A Bonds will constitute the legal, valid and binding obligations of the City enforceable against the City in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting or relating to the enforcement of creditors’ rights generally.

- (m) Pursuant to the Communications Property Base Lease, the Corporation has been vested with a good and valid leasehold interest in the Communications Property subject to Permitted Encumbrances. Pursuant to the Premises Base Lease, the Corporation has been vested with a good and valid leasehold interest in the Premises subject to Permitted Encumbrances. Pursuant to the Lease Purchase Agreement the City has leased the Facilities and the Communications Property from the Corporation and may purchase the Corporation's interest in the Project from the Corporation if the City exercises the option granted in the Lease Purchase Agreement.
- (n) Nothing in the Lease Purchase Agreement shall be construed to require the City to operate the Property other than as lessee, or to require the City to exercise its right to purchase the Corporation's interest in the Property as provided in the Lease Purchase Agreement.
- (o) To the knowledge of the City, no member of the Board of Aldermen of the City or any other officer of the City has any significant or conflicting interest, financial, employment or otherwise, in the Project or in the transactions contemplated by the Lease Purchase Agreement.
- (p) There is no action or proceeding pending or to the knowledge of the City threatened by or against the City by or before any court or administrative body that would materially adversely affect the ability of the City to perform its obligations under the City Documents and all authorizations, consents and approvals of governmental bodies or agencies required to be obtained by the City as of the date hereof in connection with the execution and delivery of the City Documents, or in connection with the performance of the obligations of the City thereunder, have been obtained.

Conveyance; Granting of Leasehold.

Simultaneously with the issuance of the Series 2017A Bonds, the Corporation shall deposit the proceeds of the Series 2017A Bonds in accordance with the Indenture. The Corporation, under the Lease Purchase Agreement rents and leases the Property, subject to Permitted Encumbrances, unto the City and the City rents and leases the Property from the Corporation for the Rentals and Additional Rentals and subject to the terms and conditions in the Lease Purchase Agreement set forth.

At the time of execution and delivery of the Lease Purchase Agreement the Board leased the Facilities from the City. Following the Asset Transfer Date, the interest of the Board in the Facilities has been transferred to the City and the Board will not rent the Facilities from City and the Board will not make any rental payment to the City. All rights and responsibilities of the Board in the Lease Purchase Agreement are transferred to the City. The Lease of the Property by the City to the Corporation is undisturbed.

The City does by the Lease Purchase Agreement lease and demise such additional Communications Property acquired by the City and leased to the City by the Corporation pursuant to the Communications Property Base Lease, subject to Permitted Encumbrances, upon the terms and conditions in the Lease Purchase Agreement provided.

Upon acquisition by the City of an interest in any Communications Property not now owned by the City, the same shall become a part of the Communications Property leased hereunder, and shall be

subject to all terms in the Lease Purchase Agreement contained without further action on the part of any party. Upon the acquisition of any other land by the Corporation (to the extent that such land relates solely to the Project) the same shall become a part of the Property leased hereunder together with all the improvements and installations at that time or thereafter acquired, constructed or installed by the City, subject to all terms, covenants and provisions in the Lease Purchase Agreement contained, without further action on the part of either party. In each case, each party hereto shall, upon the request of any other party to the Lease Purchase Agreement or of 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 Property hereunder. The Corporation shall take all necessary steps on or prior to the date of closing of the Series 2017A Bonds to provide the Trustee and the Credit Facility Provider with a valid and binding lien upon the Property with respect to the Series 2017A Bonds, subject only to Permitted Encumbrances.

The City by the Lease Purchase Agreement agrees that, upon the Corporation's or the Credit Facility Provider's request, it will file, or cause the filing of, any financing statements, as well as extensions, renewals and amendments thereof, in such form as may be required to perfect the Corporation's security interest in and with respect to the Property. The City shall pay all costs of filing such financing statements as well as any extensions, renewals, amendments and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements which the Corporation or the Credit Facility Provider may reasonably require.

Term of Lease Purchase Agreement; Termination; Annual Appropriation Required.

The Term of the Lease Purchase Agreement shall have commenced as of the date of execution and delivery of the Lease Purchase Agreement, and shall terminate on the earliest of the occurrence of any of the following events: (i) an Event of Nonappropriation with respect to the City; (ii) an Event of Default with respect to the City under the Lease Purchase Agreement, if the Corporation or the Trustee has elected, either subject to the prior written consent of the Credit Facility Provider or at the prior written direction of the Credit Facility Provider, such remedies as are provided in the Lease Purchase Agreement; or (iii) discharge of the Indenture as provided in the Indenture and provision by the City for the payment of Additional Rentals required pursuant to the Lease Purchase Agreement. Upon the expiration or termination of the term of the Lease Purchase Agreement, the City's right of use of the Property shall terminate and the City shall immediately quit and vacate the Property; provided, however, that all other terms of the Lease Purchase Agreement and the Indenture, including the continuation of City's purchase right of the Corporation's interest in the Property under the Lease Purchase Agreement and all obligations of the Trustee with respect to the Bondholders and the receipt and disbursement of funds shall continue until the lien of the Indenture is discharged, as provided therein, and further provided that all obligations of the City to pay any amounts to the Bondholders and the Trustee hereunder shall thereafter be satisfied only as provided in the Indenture. The termination or expiration of the term of the Lease Purchase Agreement, 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 Purchase Agreement 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 Series 2017A Bonds, and for all other amounts required under the Indenture.

If the City fails to pay any portion of the Rentals or Additional Rentals which are due hereunder, upon the request of the Trustee or the Corporation, the City will immediately quit and vacate the Property and the Rentals and Additional Rentals (except for payments which have been theretofore appropriated and are then available for such purpose) shall thereupon cease, it being understood among the parties that the City shall not be obligated to pay any Rentals or Additional Rentals to the Corporation hereunder except as provided in the Lease Purchase Agreement. 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 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 Property.

The Rentals and Additional Rentals constitute current expenses of the City and the City's obligations hereunder 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 hereof 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 Purchase Agreement nor the issuance of the Bonds directly or indirectly or contingently obligates the City to make any payments hereunder beyond those payments appropriated for the City's then current Fiscal Year; provided, however, that nothing in the Lease Purchase Agreement 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, 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 to provide financing for the Project pursuant to the Lease Purchase Agreement 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. Under the Lease Purchase Agreement, the City has stated that it presently expects, in each Fiscal Year of the City during the Lease Term, to appropriate funds in an amount sufficient to pay principal of, redemption premium, if any, and interest, on the Series 2017A Bonds. The Rentals and reasonably estimated Additional Rentals will be available upon appropriation for such Fiscal Year to be drawn upon to make payments pursuant to the terms of the Lease Purchase Agreement.

As early as practicable, and in any case no later than three (3) Business Days following the date on which the budget for any Fiscal Year is finally approved by the Board of Aldermen, the City shall forward to the Corporation, with a copy to the Trustee and the Credit Facility Provider, either (i) notice of the termination of the Lease Purchase Agreement or (ii) confirmation that sufficient funds have been budgeted and appropriated to make all payments of Rentals and Additional Rentals for such Fiscal Year. Notice that sufficient funds have been appropriated for such 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 Purchase Agreement. If the Trustee does not receive such notice prior to June 30 (or such future date the City shall adopt as the end of its Fiscal Year) of such Fiscal Year, the Trustee shall make independent inquiry of the fact of whether or not such appropriation has been made. If such appropriation has not been made, all of the City's right, title, interest and obligations under the Lease Purchase Agreement shall terminate without penalty on the last day of the Fiscal Year for which appropriation of Rentals has been made. Subject to the Lease Purchase Agreement, failure of the City to budget and appropriate prior to June 30 (or such future 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 during such Fiscal Year, shall constitute an Event of Nonappropriation. 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 hereunder. 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. 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.

Use of Property.

The City shall have the right to use, occupy or operate the Property for any lawful public purpose and shall not use, occupy or operate the Property so as to make void or voidable any insurance then in force with respect thereto.

Quiet Enjoyment and Possession.

During the Lease Term the Corporation shall provide the City with quiet use and enjoyment of the Property, and the City shall during such Lease Term peaceably and quietly have and hold and enjoy the Property, without suit, trouble or hindrance from the Corporation, except as expressly set forth in the Lease Purchase Agreement. The Corporation shall have the right to inspect the Property as provided in the Lease Purchase Agreement.

Use of Facilities.

The City shall have the right to use, occupy or operate the Facilities for any lawful public purpose and shall not use, occupy or operate the Facilities so as to make void or voidable any insurance then in force with respect hereto and will not take any action or fail to take any action which would cause interest on the Series 2017A Bonds to become subject to Federal or Missouri income taxes.

Rentals.

The City, subject to the provisions of the Lease Purchase Agreement, agrees to pay or cause to be paid the amounts required by the Lease Purchase Agreement as follows:

Until the principal of, premium, if any, and interest on the Series 2017A Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the City shall pay to the Trustee as assignee of the Corporation as to the Series 2017A Bonds, 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 Property, amounts which shall correspond to the payments in respect of the principal of, premium, if any, and interest on the Series 2017A Bonds whenever and in whatever manner the same shall become due, whether at Stated Maturity, upon redemption or acceleration or otherwise (said amounts being 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 Series 2017A Bonds shall at any time occur. If the balance in the Bond Fund (not subject to the lien of the Trustee under 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 Series 2017A Bonds in accordance with the provisions of this Section, the City will forthwith pay as Rentals any such deficiency to the Trustee for deposit in the Bond 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 Bond Fund (not subject to the lien of the Trustee under the Indenture) for the payment of the principal of, premium, if any, and interest on the Series 2017A 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 Series 2017A Bonds theretofore matured or called for redemption plus (ii) past due interest, in all cases where such Series 2017A Bonds or interest checks have not been presented for payment; and provided, further, that if the amount held by the Trustee in the Bond Fund (not subject to the lien of the Trustee under the Indenture) shall be sufficient to pay at the times required the principal of, premium, if any, and interest on all of the Series 2017A Bonds then remaining unpaid, the City shall not be obligated to pay Rentals.

The City covenants and agrees to pay or cause to be paid the Rentals to the Trustee at its principal corporate trust office 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 Rental payment dates. All Rentals shall be deposited by the Trustee in accordance with the provisions hereof 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 the Lease Purchase Agreement, as Additional Rentals:

- (q) To the Trustee amounts equal to the amounts to be paid to the Trustee pursuant to the Indenture;
- (r) all Impositions (as defined in the Lease Purchase Agreement);
- (s) all amounts required under the Lease Purchase Agreement which amounts shall be deposited by the Trustee in the Bond Fund pursuant to the Indenture;
- (t) all costs incident to the payment of the principal of and interest on the Bonds as the same become due and payable, including all costs, premiums and expenses in connection with the call, redemption and payment of all Outstanding Bonds;
- (u) the payments, if any, which the City shall be required to pay to the Credit Facility Provider pursuant to the Indenture to the extent such payments do not constitute Rentals;
- (v) all reasonable expenses and advances incurred or made in connection with the enforcement of any rights under the Lease Purchase Agreement or the Indenture by the Corporation or the Trustee and any reasonable expenses incurred by the Corporation to enable it to comply with the provisions of the Communications Property Base Lease, the Premises Base Lease, the Indenture, or the Lease Purchase Agreement;
- (w) all reasonable and necessary fees and expenses due the Corporation incurred in connection with the Series 2017A Bonds, or the establishment and maintenance of the Corporation's status as a Missouri nonprofit corporation or a qualified 501(c)(3) corporation;
- (x) all amounts required to be rebated to the United States as provided in the Indenture;

- (y) any reasonable amount due and owing by the Corporation as a consequence of complying with the Communications Property Base Lease, the Premises Base Lease, the Indenture, the Tax Compliance Agreement and the Lease Purchase Agreement or any other documents delivered in connection with the Series 2017A Bonds ;
- (z) any and all additional amounts owed by the City in connection herewith.

Rentals and Additional Rentals, Payable without Abatement or Set-Off; City Obligations, Assignments of Rentals and Certain Additional Rentals.

Subject to the provisions of the Lease Purchase Agreement, the City covenants and agrees with and for the express benefit of the Corporation 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 hereunder 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 irrespective of whether any portion of the Project shall have been started or completed and shall be sufficient to provide all funds required for debt service on the Series 2017A Bonds, for funding of the Debt Service Reserve Fund, and for all other amounts required under the Indenture.

Nothing in the Lease Purchase Agreement shall be construed as a waiver by the City of any rights or claims the City may have against the Corporation under the Lease Purchase Agreement or otherwise, but any recovery upon such rights and claims shall be had from the Corporation separately, it being the intent of the Lease Purchase Agreement that the City shall be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants under the Lease Purchase Agreement (including the obligation to pay Rentals and Additional Rentals), subject to the provisions of the Lease Purchase Agreement. 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 hereunder, and in such event the Corporation by the Lease Purchase Agreement 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 the Lease Purchase Agreement 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.

Prepayment of Rentals.

The City may at any time prepay all or any part of the Rentals provided for hereunder to the extent provided in the Indenture for redemption of the Bonds.

Redemption of Bonds; Purchase of Bonds.

With respect to the Series 2017A Bonds, the Corporation shall cause the Trustee, on behalf of the Corporation, to take all steps necessary and permitted under the applicable provisions of the Indenture for the redemption of the Series 2017A Bonds upon receipt by the Corporation and the Trustee of a written notice from the City, if notice of redemption is required by the Indenture: (i) specifying the principal amount of Bonds to be redeemed; (ii) fixing the date of such redemption; and (iii) giving directions to provide notice of redemption as may be required by the Indenture.

Such notice by the City shall be revocable by the City at any time prior to the time at which the Series 2017A Bonds are to be redeemed or are deemed to be paid in accordance with the Indenture.

City Covenant with Respect to Capital Improvement Sales Tax Revenues.

The City by the Lease Purchase Agreement agrees that during each Fiscal Year or portion thereof in which the Series 2017A Bonds remain outstanding, the City will not use Capital Improvement Sales Tax Revenues on deposit in the Police Department Capital Improvements Account of the Capital Improvement Sales Tax Trust Fund in the then-current Fiscal Year, for any purpose to be applied toward payment of Rentals and Additional Rentals under the Lease Purchase Agreement during the then-current Fiscal Year, unless such payments of Rentals and Additional Rentals, if any, have been provided for; provided, however, after provision for payment of Rentals and Additional Rentals, any amount on deposit in the Police Department Capital Improvement Account of the Capital Improvement Sales Tax Trust Fund in excess of the amount necessary during each Fiscal Year to pay Rentals may be applied for other authorized purposes.

The Project.

With the proceeds of the Series 2007 Bonds, the City caused, purchased, constructed, equipped and installed furnishings and equipment for the. The City agrees that the foregoing acquisition, constructions, equipping and installation, will, with such changes and additions as may be made hereunder, result in Facilities and Communications Property suitable for use by the City.

The aggregate “insurable value” of the Property shall be greater than the Outstanding principal amount of the Series 2007 Bonds insured by the Credit Facility Provider. The “insurable value” shall be the full replacement value less the standard exclusions for which the Property is insured pursuant to Section 7.2 of the Lease Purchase Agreement,

Impositions.

The City shall, subject to the provisions of the Lease Purchase Agreement, 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 Property or the Corporation’s or the City’s interest in the Property or the income therefrom or Rentals and other amounts payable under the Lease Purchase Agreement, 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 Series 2017A Bonds or the Credit Facility Provider or encumber the Corporation’s title to the Property.

Contest of Impositions.

The City, the Trustee and the Credit Facility Provider shall have the right, in the City's name or in the Corporation's name upon notice to the City, the Trustee, the Corporation and the Credit Facility Provider, to contest the validity or amount of any Imposition which the City is required to bear, pay and discharge pursuant to the terms of the Lease Purchase Agreement by appropriate legal proceedings instituted at least 10 days before the Imposition which is being contested becomes delinquent and may permit the Imposition so contested to remain unpaid during the period of such contest and any appeal therefrom, unless the Corporation, the Credit Facility Provider or the Trustee shall notify the City that, in the opinion of Counsel, by nonpayment of any such items, the interest of the Corporation, the Trustee, or the Credit Facility Provider in the Property will be materially endangered or the Property or any part thereof will be subject to loss or forfeiture, in which event the City with respect to the Communications Property with respect to the Facilities shall promptly pay such taxes, assessments or charges or provide the Corporation, the Trustee, and the Credit Facility Provider with full security against any loss which may result from nonpayment, in form satisfactory to the Corporation, the Credit Facility Provider and the Trustee. The Corporation agrees to cooperate with the City in connection with any and all administrative or judicial proceedings related to Impositions. The City with respect to the Communications Property with respect to the Facilities shall hold the Corporation, the Trustee and the Credit Facility Provider harmless from any costs and expenses the Corporation, the Trustee and the Credit Facility Provider may incur related to any of the above.

Liability Insurance: Indemnification.

The City shall obtain and maintain or shall cause to be obtained and maintained in force at all times during the Lease Term commercial insurance coverage 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 respective components of the Property or any part thereof meeting the requirements of the Lease Purchase Agreement. The proceeds of all such insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds may be paid.

As an alternative to the provisions in the preceding paragraph, the City may, 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 Property or any part thereof during the term of the Lease Purchase Agreement.

Property Insurance.

The City shall obtain and maintain or shall cause to be obtained and maintained in force at all times during the Lease Term commercial property insurance coverage insuring against loss or damage by fire, lightening, earthquake and all other risks covered by the extended coverage insurance endorsement then in use in the State for the Property in an amount not less than the full replacement value less the standard exclusions (which amount shall be as approved by the Credit Facility Provider). Any such insurance may be subject to reasonable deductibles. The Corporation, the Trustee, the Credit Facility Provider and the City shall each be named as loss payees in any such insurance policy. As an alternative, with the prior written consent of the Credit Facility Provider the City may self insure for the risks described in this section, under customary insurance practices. The net proceeds of any such insurance shall be applied as provided in the Lease Purchase Agreement

Workers' Compensation Insurance.

The City agrees throughout the Lease Term to maintain, in connection with the Project, its status as a qualified self-insurer under Chapter 287 of the Missouri Revised Statutes, as amended, with regard to Workers' Compensation Insurance or, with the prior written consent of the Credit Facility Provider, similar reasonable and customary insurance.

Title Insurance.

The City shall obtain and deliver to the Trustee and the Credit Facility Provider, a leasehold and owner's title insurance policy with respect to the real property included in the Project, in an aggregate principal amount not less than the principal amount of the Series 2017A Bonds, satisfactory to the Credit Facility Provider.

Assignment, Etc. by the Corporation.

Pursuant to the Granting Clauses of the Indenture, the Corporation is concurrently assigning the Lease Purchase Agreement and all the rights and interests of the Corporation hereunder, including pledging and granting to the Trustee a security interest in all moneys receivable hereunder (except for its rights to receive certain payments and its rights to indemnification under the Lease Purchase Agreement) and in the Property, including a deed of trust covering its interest in the Property, in connection with the Series 2017A Bonds as security for payment of the principal of, premium, if any, and interest on the Series 2017A Bonds and any Additional Bonds. The City consents to such assignments of the Lease Purchase Agreement and the Rentals and such Additional Rentals receivable hereunder. The City by the Lease Purchase Agreement agrees that, subject to the Lease Purchase Agreement, as to the Trustee, its obligation to make such payments shall be absolute and unconditional and without any defense or right of abatement, diminution, counterclaim or set-off arising out of any breach by the Corporation or the Trustee of any obligation to the City.

Assignment, Subleasing, Management Contracts and Licensing by the City.

The Lease Purchase Agreement may not be assigned by the City (except its interest in the Facilities pursuant to the Lease Purchase Agreement, which is acknowledged and approved) without the prior written consent of the Corporation and the Credit Facility Provider. However, the City's interest in the Project may be subleased by the City subject to the Lease Purchase Agreement and the Deed of Trust, in whole or in part, including a long-term contract for the use of or provision of services with respect to the Communications Property (a "*Sublease*") and the City may enter into a contract for operation and/or management of the Communications Property (a "*Management Contract*") with the consent of the Corporation and the Trustee, subject, however, to the prior written consent of the Credit Facility Provider. In addition to the receipt of the above consents, each such assignment (the "*Assignment*"), Sublease and Management Contract must meet the conditions provided in the Lease Purchase Agreement including the requirement that the Lease Purchase Agreement and the Deed of Trust and the obligation of the City to pay Rentals and Additional Rentals under the Lease Purchase Agreement and to perform all of the terms, covenants and conditions of the Lease Purchase Agreement 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 Purchase Agreement on the part of the City to be kept and performed.

The Facilities may not be further transferred, disposed of or subleased by the City, except for a short term lease or other agreement for short term use in the normal course of business, with Credit Facility Provider consent.

Purchase or Sale of Certain Portions of the Project.

So long as the City is not in Default under the Lease Agreement and upon the prior written consent of the Credit Facility Provider, the City reserves the right at any time to either (i) purchase from the Corporation title to any portion of the Communications Property or (ii) surrender possession of any portion of the Communications Property and direct the Corporation to sell or dispose of any portion of the Communications Property, either by negotiated sale or by public sale, as the City shall direct. The proceeds of sale shall be deposited by the Corporation with the Trustee at the option of the City for credit to the Series 2017A Bond Fund and used to redeem such Series 2017A Bonds at the earliest opportunity pursuant to the Indenture.

If the City elects to purchase or dispose of any portion of the Communications Property upon the conditions set forth in the preceding paragraph, following procedures shall be followed:

1. The Board of Aldermen of the City shall adopt a resolution or ordinance which shall contain provisions identified in the Lease Purchase Agreement:
2. The Board of Directors of the Corporation shall take action in accordance with the direction of the City to sell said portion of the Communications Property and shall deposit the proceeds of such sale with the Trustee.

No sale or disposition of a portion of the Communications Property pursuant to this Section shall entitle the City to any reimbursement of any Rentals or Additional Rentals from the Corporation, the Trustee, the Bondholders, or the Credit Facility Provider, nor shall the City be entitled to any abatement or diminution in Rentals or Additional Rentals under the Lease Purchase Agreement, except such diminution as results from redemption of the Series 2017A Bonds, as the case may be, from the proceeds of such disposition pursuant to this Section and the Indenture.

Release of Certain Land from and Addition of Certain Land to the Lease Purchase Agreement.

Notwithstanding any other provisions of the Lease Purchase Agreement, the City reserve the right at any time and from time to time upon mutual consent and upon the prior written consent of the Credit Facility Provider to amend the Lease Purchase Agreement and the Deed of Trust, without the consent of Bondholders, for the purpose of effecting the release of and removal from the Lease Purchase Agreement and the leasehold estate created by the Lease Purchase Agreement, and from the Deed of Trust, of any part or parts of the real estate which has not been improved pursuant to the provisions of the Lease Purchase Agreement or for the purpose of effecting the addition to the Lease Purchase Agreement and the leasehold estate created by the Lease Purchase Agreement, and the Deed of Trust, of any additional real estate; provided, that if at the time any such amendment is made any of the Series 2017A Bonds are outstanding and unpaid, there shall be deposited with the Trustee certain documents required by the Lease Purchase Agreement and in the case of the release of real estate, an amount equal to the portion of the cost of such real estate financed with Series 2007 Bond proceeds shall be deposited by the Corporation with the Trustee at the option of the City for credit to the Series 2017 Account of the Bond Fund and used to redeem Series 2017A Bonds, at the earliest opportunity pursuant to the Indenture.

If all of the conditions of this Section are met, the Trustee shall be authorized to release any such property from or add any such property to the lien of the Indenture, as the case may be. No release or addition effected under the provisions of this Section shall entitle the City to any abatement or diminution of the Rentals or the Additional Rentals payable under the Lease Purchase Agreement, nor shall any such release in any other way whatsoever affect the Lease Purchase Agreement or the Indenture with respect to the remaining parts of the Property, and all the terms and provisions of the Lease Purchase Agreement,

the Deed of Trust and the Indenture shall remain in full force and effect with respect to the remaining part of the Project as though no such release had been effected.

Removal of Project Equipment.

The City shall have the right, provided the City is not in Default in making Rentals or Additional Rentals hereunder, to remove from the Project and (on behalf of the Corporation) sell, exchange or otherwise dispose of, without responsibility or accountability to the Corporation or the Trustee with respect thereto, any items of machinery and equipment which constitute a part of the Project Equipment and which have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary or which, in the sound discretion of the City, are otherwise no longer useful to the City in its operations conducted on or in the Project, provided that, if the original cost of any single item of Project Equipment to be sold, exchanged or disposed of exceeds \$25,000 or if the aggregate original cost of such Project Equipment to be sold, exchanged, or disposed of in any Fiscal Year exceeds \$200,000, then with respect to the proposed removal of such items of Project Equipment the City shall obtain the prior written consent of the Credit Facility Provider and either:

- (a) Prior to any such removal, deliver to the Trustee a certificate signed by the City Representative (i) containing a complete description, including the make, model and serial numbers, if any, of any machinery or equipment constituting a part of the Project Equipment which the City proposes to remove from the Project, (ii) stating the reason for such removal, (iii) stating what disposition of the machinery or equipment is to be made by the City after such removal and the names of the party or parties to whom such disposition is to be made and the consideration, if any, to be received by the City therefor, and (iv) setting forth the proposed sale price (or trade-in credit to be received) and the fair market value (original cost of such machinery or equipment less depreciation at rates calculated in accordance with generally accepted accounting principles) of such machinery or equipment; and pay to the Trustee for deposit in the Series 2017A Bond Fund, the greater of (i) the proceeds from the sale of such machinery or equipment (or trade-in credit received therefor) or (ii) the fair market value of such machinery or equipment as set forth in said certificate; or
- (b) Promptly replace any such Project Equipment so removed with machinery and equipment of the same or a different kind but with a value equal to or greater than the fair market value of the Project Equipment so removed, and such machinery and equipment shall be deemed a part of the Project Equipment; within 30 days after any such replacement, deliver to the Trustee a certificate signed by the City Representative (i) setting forth a complete description, including make, model and serial numbers, if any, of the machinery and equipment which the City has acquired to replace the Project Equipment so removed by the City, (ii) stating the cost thereof, and (iii) stating that the machinery and equipment described in said certificate are fully paid for and have been installed on the Project.

Upon receipt of such certificate, the Trustee shall cause to be filed financing statements properly reflecting such certificates. All machinery and equipment which shall replace Project Equipment removed from the Property by the City shall become and be deemed a part of the Property.

In all cases, the City shall pay all of the costs and expenses of any such removal and shall immediately repair at its expense all damage to the Project caused thereby. The City's rights to remove

from the Project machinery and equipment constituting a part of the Project Equipment is intended only to permit the City to maintain an efficient operation by the removal of machinery and equipment which is no longer suitable to the City's use of the Project for any of the reasons set forth in this Section, and such right is not to be construed to permit a removal under any other circumstances and specifically is not to be construed to permit the City to make a wholesale removal of the Project Equipment.

Maintenance, Repairs and Modifications.

The City with respect to the Communications Property and the Facilities shall, maintain, preserve and keep the respective components of the Property in good repair and condition. The City shall from time to time make all repairs, replacements and improvements necessary to keep the respective components of the Property in such condition. The Corporation shall not have any responsibility for any of these repairs, replacements or improvements. In addition, the City shall, have the right, with the prior written consent of the Credit Facility Provider, to make additions, modifications and improvements to the Communications Property and the Facilities, respectively, 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 Communications Property and the Facilities, respectively. Such additions, modifications and improvements shall not in any way damage the Communications Property and the Facilities, respectively, nor cause them to be used for purposes other than those authorized under the provisions of municipal, state and federal law; and the Project upon completion of any additions, modifications and improvements made pursuant to 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. All additions, modifications and improvements made by the City shall (a) be made in a workmanlike manner and in strict compliance with the laws and ordinances applicable thereof, (b) when commenced, be prosecuted to completion with due diligence, and (c) when completed, be deemed a part of the Property; provided, however, that additions of machinery and equipment installed in the Property by the City and not purchased or acquired from funds deposited with the Trustee under the Lease Purchase Agreement and not constituting repairs, renewals or replacements of Project Equipment under the Lease Purchase Agreement shall remain the property of the City and may be removed by the City at any time. Any property for which a substitution or replacement is made pursuant to the Lease Purchase Agreement may be disposed of by the City in such manner and on such terms as are determined by the City.

The City will not permit any mechanic's or other lien to be established or remain against any part of the 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 Purchase Agreement; provided that if any such lien is established and the City shall first notify the Corporation, the Trustee, or the City, as the case may be, and the Credit Facility Provider of the City's intention to do so, then the City may in good faith contest any lien filed or established against the Communication Property or the Facilities and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless either the Corporation, the Trustee, , the City, or the Credit Facility Provider shall notify the City that, in the opinion of counsel experienced in the area of local real estate acceptable to the party sending the notice, by nonpayment of any such item the interest of the Corporation, the Trustee, , the City, and the Credit Facility Provider in the Property will be materially endangered or the Property will be subject to loss or forfeiture, in which event the City, shall promptly pay and cause to be satisfied and discharged all such unpaid items or provide the Corporation, the Trustee, or the City, as the case may be, and the Credit Facility Provider with full security against any such loss or forfeiture, in a form satisfactory to the Corporation, the Trustee, the City and the Credit Facility Provider. The Corporation, the Trustee or the City, as the case may be, and the Credit Facility Provider will cooperate fully with the City in any such contest, upon the request and at the expense of the City.

No addition, modification or improvement to the Property made pursuant to this Section 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 Purchase Agreement, except such diminution as results from redemption of Bonds pursuant to the Indenture.

Liens.

Except as permitted in the Lease Purchase Agreement 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 respective components of the Property (except for Permitted Encumbrances), other than the respective rights of the Corporation, and the City as provided in the Lease Purchase Agreement and in the Premises Base Lease and the Communications Property Base Lease; provided if any such lien is established, the City, shall notify the Corporation, the Trustee, the City and the Credit Facility Provider of its intention to do so and the City, shall follow the requirements as specified in the Lease Purchase Agreement. Except as expressly provided the Lease Purchase Agreement, 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 City or shall reimburse the City, Corporation, or the Credit Facility Provider for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Permits and Authorizations.

The City agrees that it shall not do or permit others under its control to do any work on the Project related to any repair, rebuilding, restoration, replacement, modification, improvement or addition to the Project, or any part thereof, unless all requisite municipal and other governmental permits and authorizations shall have been first procured and payment therefor made. All such work shall be subject to approvals by the Corporation and shall be done in a good and workmanlike manner and in compliance with all applicable building, zoning and other laws, ordinances, governmental regulations and requirements and in accordance with the requirements, rules and regulations of all insurers under the policies required to be carried under the provisions of the Lease Purchase Agreement.

Environmental Matters.

The City shall not cause or permit the respective components of the Property or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce, or process Hazardous Materials, except in the ordinary course of the operation of business and in compliance with all Environmental Laws, nor shall the City cause or permit, as a result of any intentional or unintentional act or omission on the part of the City or any tenant or subtenant, a release of Hazardous Materials onto the Property. The City shall comply with and ensure compliance by all tenants and subtenants with all Environmental Laws, and shall obtain and comply with, and ensure that all tenants and subtenants obtain and comply with, any and all approvals, registrations, or permits required thereunder. The City shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Materials, on, from, or affecting the respective components of the Property that are above acceptable levels set by the governmental agency having jurisdiction (A) in accordance with all Environmental Laws, (B) to the reasonable satisfaction of the Trustee, and (C) in accordance with the orders and directives of all federal, State, and local governmental authorities having jurisdiction. In the event that the Trustee elects to control, operate, sell, or otherwise claim property rights in the Property, the City shall deliver respective components of the Property free of any and all Hazardous Materials above acceptable levels set by the governmental agency having jurisdiction, so that the conditions of the Property shall conform with all

Environmental Laws. Prior to any such delivery of the Property, the City shall pay the Trustee, subject to annual appropriation, from its own funds, any amounts then required to be paid under the Lease Purchase Agreement. This covenant shall survive any termination of the Lease Purchase Agreement.

As used in this section, “Hazardous Materials” includes, without limit, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Environmental Laws.

As used in this section, “Environmental Laws” means Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et. seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C Sections 1801 st. seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 9601, et. seq.), and in the regulations adopted and publications promulgated pursuant thereto, or any other Federal, state or local environmental law, ordinance, rule, or regulation.

City’s Option to Purchase Corporation’s Interest.

The City shall have the option to purchase the Corporation’s leasehold interest in the Property and to demand that the Corporation convey to the City title to all of its interest in the Property, subject to Permitted Encumbrances and to terminate the Lease Purchase Agreement at any time during the Lease Term upon payment of the purchase price pursuant to the Lease Purchase Agreement.

If the City receives notice of an Event of Default which is a payment default of the Indenture or if an Event of Nonappropriation under the Lease Purchase Agreement has occurred, the City shall also have the option to purchase the Corporation’s interest in the Property and to terminate the Lease Purchase Agreement upon payment of the purchase price pursuant to the Lease Purchase Agreement. The City shall give notice of its intent to exercise the option by giving notice thereof to the Corporation, the Credit Facility Provider and the Trustee not later than 90 days after receipt of notice of any such Event of Default or Event of Nonappropriation. The City shall make the payment not later than 90 days after it has given notice of its intent to exercise this option to the Corporation, the Credit Facility Provider and the Trustee.

Purchase Price.

The purchase price payable by the City in the event of its exercise of either of the options granted in the Lease Purchase Agreement shall be the sum of the following:

- (a) an amount of money which, when added to the amounts on deposit in the Bond 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 the Indenture; plus
- (b) an amount of money equal to the Trustee’s and Paying Agents’ fees and expenses under the Indenture, if any, accrued and to accrue until such redemption of the Bonds; plus
- (c) amounts due and owing to the Credit Facility Provider; plus
- (d) an amount equal to all of the obligations of the City and the Corporation under the Tax Compliance Agreement; plus

- (e) reasonable costs incident to the redemption of the Series 2017A Bonds; plus
- (f) the sum of \$10.00.

It is agreed that the purchase option is granted to the City in consideration of the conveyance of the Property to the Corporation pursuant to the Communications Property Base Lease and the Premises Base Lease and that the purchase price of the Property includes the Rentals and Additional Rentals during the Lease Term pursuant the Lease Purchase Agreement, in addition to the foregoing amounts, which purchase price constitutes the fair value of the Property in the judgment of the Corporation after giving consideration to all relevant factors.

Conveyance of the Property to the City.

The Corporation shall transfer and convey to the City its interest in the Property, in the manner provided for in the Lease Purchase Agreement; provided, however, that prior to such transfer and conveyance the City shall have paid in full the purchase price as provided for in the Lease Purchase Agreement.

Manner of Conveyance.

At the closing of the purchase or any other conveyance of the Property pursuant to the Lease Purchase Agreement, the Corporation will, upon receipt of the purchase price, if any, deliver to the City a release of the Property from the Trustee and the Indenture; and documents conveying to the City legal title to Corporation's interest in the Property, as it then exists, subject only to encumbrances permitted by the Lease Purchase Agreement .

Relative Position of Option and Indenture.

The option granted to the City in the Lease Purchase Agreement shall remain prior and superior to the Indenture and may be exercised whether or not the City is in Default under the Lease Purchase Agreement, 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 Purchase Agreement granted shall terminate 90 days following the termination of the Lease Purchase Agreement.

No Obligation to Purchase the Property.

The City shall be under no obligation whatsoever to exercise its option to purchase the Property.

Damage, Destruction and Condemnation.

As long as the Lease Purchase Agreement shall remain in effect, if (i) all the Communications Property or the Facilities are destroyed or damaged by fire or other casualty or (ii) title to or the temporary use of the Communications Property or the Facilities or the interest of the City or the Corporation with respect to the Communications Property or the interest of the City or the Corporation, with respect to the Facilities, 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 and with the consent of the Credit Facility Provider, cause the net proceeds of any insurance or condemnation award to be deposited into the Communications Property Account of the Project Fund or the Facilities Account of the Project Fund, as applicable, to be applied to the prompt repair, restoration, modification or improvement of the Communications Property or the Facilities 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 Communications Property or the Facilities shall be transferred to the Bond Fund and used in accordance with the Indenture.

If the City determines, with the consent of the Credit Facility Provider, that the repair, restoration, modification or improvement of the Communications Property or the Facilities 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, and such net proceeds (i) shall be deposited into the Bond 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 Purchase Agreement as provided in the Lease Purchase Agreement, 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.

Insufficiency of Net Proceeds.

If the net proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement of the Project in accordance with the Lease Purchase Agreement, subject to appropriation of sufficient funds by the City the City shall complete the work and pay any cost in excess of the amount of the net proceeds, and the City and agrees that if by reason of any such insufficiency of the net proceeds, the City shall make any payments pursuant to the provisions in the Lease Purchase Agreement, the City, shall not be entitled to any reimbursement therefor from the Corporation or any diminution of any amount payable hereunder.

Cooperation of the Corporation.

The Corporation shall cooperate fully with the City at the expense of the City in filing any proof of loss with respect to any insurance policy covering the events described in the Lease Purchase Agreement and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Project or any part thereof and will, to the extent it may lawfully do so, permit the City to litigate in any proceeding resulting therefrom in the name of and on behalf of the Corporation. In no event will the Corporation voluntarily settle, or consent to the settlement of, any proceedings arising out of any insurance claim or any prospective or pending condemnation proceeding with respect to the Property or any part thereof without the written consent of the City.

Event of Nonappropriation.

In the event that the Board of Aldermen does not budget and appropriate, specifically with respect to the Lease Purchase Agreement, 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 Nonappropriation shall be deemed to have occurred. If an Event of Nonappropriation 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 Nonappropriation with respect to the City, the Trustee shall immediately notify the Corporation of such occurrence.

If an Event of Nonappropriation shall occur, the City shall not be obligated to make payment of the Rentals or Additional Rentals or any other payment provided for in the Lease Purchase Agreement 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 Purchase Agreement; 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 Project. The Trustee shall, upon the occurrence of an Event of Nonappropriation, have all rights and remedies granted to it under the Indenture and as a secured creditor under Missouri law, as Trustee for the benefit of Bondholders and the Credit Facility Provider, and shall 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 Purchase Agreement as to the City's possessory interest hereunder by reason of an Event of Nonappropriation as provided in the Lease Purchase Agreement shall be held by the Trustee under the Indenture for the benefit of the Bondholders and the Credit Facility Provider as set forth in the Indenture until the Series 2017A Bonds and the Credit Facility Provider are paid in full.

Upon the occurrence and continuance of any Event of Nonappropriation, the Trustee may, subject to the prior written consent of the Credit Facility Provider, or shall, at the prior written direction of the Credit Facility Provider, give notice to the City to vacate the 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, (i) terminate the Lease Purchase Agreement, re-enter the Property and eject all parties in possession thereof therefrom, and sublease the Property or (ii) take any action at law or in equity deemed necessary or desirable to enforce its rights with respect to the Property.

Notwithstanding any provision to the contrary in the Lease Purchase Agreement or the Indenture contained, the definition of the Event of Nonappropriation described in the Lease Purchase Agreement shall be final and controlling in the event of any other contrary provision in this or such other documents.

The Credit Facility Provider shall have the right to control all remedies for an Event of Default and an Event of Nonappropriation.

Remedies Regarding City Defaults.

Notwithstanding anything in the Lease Purchase Agreement to the contrary, with the consent of the Credit Facility Provider the Trustee shall be entitled to sublease the Corporation's interest in the Property to any entity, public or private, for such period as is necessary for the Trustee to obtain sufficient monies to pay in full the principal of, redemption premium if any, and interest on the Series 2017A Bonds, and the obligations of the Trustee with respect to the Bondholders and the receipt and disbursement of funds shall be continuing until the lien of the Indenture is discharged as provided in the Indenture.

Events of Default Defined.

The following shall be "Events of Default" under the Lease Purchase Agreement and the terms "Events of Default" and "Default" shall mean, whenever they are used in the Lease Purchase Agreement, 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 Purchase Agreement.
- (b) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsection (a) of this Section, for a period of sixty (60) days after 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, subject to the prior written consent of the Credit Facility Provider, shall agree in writing to an extension of such time prior to its expiration.

- (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) The City shall vacate or abandon the Property, and the same shall remain uncared for and unoccupied for a period of sixty (60) consecutive days.
- (e) The Trustee shall receive written notice from the Credit Facility Provider stating that an "Event of Default" has occurred under the Credit Facility, provided that the Credit Facility Provider has not failed, has not ceased or is not otherwise unable to act under, or has not wrongfully dishonored a claim against or failed to make a payment under the applicable Credit Facility.

Remedies on Default.

Whenever any Event of Default referred to in the Lease Purchase Agreement shall have happened and be continuing, the Corporation or the Trustee shall have the right, at its option and subject to prior written consent of the Credit Facility Provider, and without any further demand or notice, to take and shall take upon the prior written direction of the Credit Facility Provider, any one or more of the following remedial steps:

- (a) By written notice to the City 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 written notice of intention to terminate the Lease Purchase Agreement on a date specified in such notice, which date shall not be earlier than sixty (60) days after such notice is given, and foreclose on the Deed of Trust, and if all Defaults have not then been cured, on the date so specified, the City's rights to possession of the Property shall cease and the Lease Purchase Agreement shall thereupon be terminated, and the Corporation may reenter and take possession of the Property; or
- (c) Without terminating the Lease Purchase Agreement or foreclosing on the Deed of Trust, reenter the 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 Property without terminating the Lease Purchase Agreement or foreclosing on the Deed of Trust, the Corporation shall use reasonable diligence to relet the 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 Property, and no such reentry or taking of possession of the Property by the Corporation shall be construed as an election on the Corporation's part to terminate the Lease Purchase Agreement, and no such reentry or taking of possession by the Corporation shall relieve the City of its obligation to pay Rentals or Additional Rentals (at the time or times provided in the Lease Purchase Agreement), or of any of its other obligations under the Lease Purchase Agreement, all of which shall survive such reentry or taking of possession, and the City shall continue to pay the Rentals and Additional Rentals specified in the Lease Purchase Agreement until the end of the Lease Term, whether or not the Property shall have been relet, less the net proceeds, if any, of any reletting of the 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 Bond Fund and shall be applied as provided in the Indenture.

Having elected to reenter or take possession of the Property without terminating the Lease Purchase Agreement or foreclosing on the Deed of Trust, the Corporation may, with the prior written consent of the Credit Facility Provider (subject, however, to any restrictions in the Indenture against termination of the Lease Purchase Agreement), and shall at the written direction of the Credit Facility Provider, 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 Purchase Agreement, elect to terminate the Lease Purchase Agreement on a date to be specified in such notice, which date shall be not earlier than 30 days after reentry under subparagraph (c) above, and if all Defaults shall not have been cured, on the date so specified the Lease Purchase Agreement shall thereupon be terminated. If in accordance with any of the foregoing provisions of the Lease Purchase Agreement the Corporation shall have the right to elect to reenter and take possession of the Property the Corporation may, with the prior written consent of the Credit Facility Provider, and shall at the written direction of the Credit Facility Provider, 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 Purchase Agreement and the Deed of Trust, or any right of the Corporation pursuant to this subsection.

Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, the Corporation may, at its option and with the prior written consent of the Credit Facility Provider, and shall at the written direction of the Credit Facility Provider, by notice in writing to the City and the Credit Facility Provider, terminate the City's right of possession under the Lease Purchase Agreement as to any one or more items of the Project Equipment, whereupon all right and interest of the City to or in the use of such items shall terminate, and the Corporation may, with the prior written consent of the Credit Facility Provider, and shall at the written direction of the Credit Facility Provider, cause the City, upon the written demand of the Corporation, at the City's expense, to promptly return any and all such items of the Project Equipment to the Corporation at a site designated by the Corporation and in good condition, and whether or not the Lease Purchase Agreement has been terminated, the Corporation may, at its option and with the prior written consent of the Credit Facility Provider, and shall at the written direction of the Credit Facility Provider, enter upon the premises where any such items of Project

Equipment are located and take immediate possession and remove such items of the Project Equipment by summary proceedings or otherwise, or may with the prior written consent of the Credit Facility Provider, and shall at the prior written direction of the Credit Facility Provider, cause the City, at the City's expense, to store, maintain, surrender and deliver possession of such items of the Project Equipment to the Corporation at the site specified by the Credit Facility Provider, all without liability to the City for or by reason of such entry or taking of possession, whether for the restoration of damage to property caused by such taking or otherwise.

Take whatever action at law or in equity that 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 Purchase Agreement, or enforce performance and observance of any obligation, agreement or covenant of the City under the Lease Purchase Agreement.

Indemnification of Corporation Officers.

To the fullest extent permitted by law, the City by the Lease Purchase Agreement agrees to indemnify and hold harmless the officers, directors, employees, and agents of the Corporation with respect to all claims, liabilities, losses, costs and expenses arising from or relating to (i) the Lease Purchase Agreement, the Deed of Trust, the Indenture, and any documents or instruments relating thereto, (ii) the ownership by the Corporation of its interest in the Communications Property, or (iii) any transactions contemplated by the Communications Property Base Lease or the Lease Purchase Agreement. The agreement of the City in the Lease Purchase Agreement shall be an independent covenant of the City, shall not be deemed to be Additional Rentals or otherwise subject to the Lease Purchase Agreement, and shall survive the termination of the Lease Purchase Agreement for any reason.

Survival of Obligations.

Other than termination for Nonappropriation and subject to the provisions of the Lease Purchase Agreement, the City covenants and agrees with the Corporation, the Credit Facility Provider and the Bondholders that the City's obligations under the Lease Purchase Agreement shall survive the cancellation and termination of the Lease Purchase Agreement, for any cause, and that the City shall continue to pay the Rentals and Additional Rentals and perform all other obligations specified in the Lease Purchase Agreement, all at the time or times provided in the Lease Purchase Agreement; provided, however, that upon the payment of the Rentals and Additional Rentals as required under the Lease Purchase Agreement, and upon the satisfaction and discharge of the Indenture, the City's obligations under the Lease Purchase Agreement shall thereupon cease and terminate in full except for its obligations under the Tax Compliance Agreement.

Limitations on Remedies.

Notwithstanding any provision of the Lease Purchase Agreement to the contrary, a judgment requiring a payment of money may be entered against the City by reason of an Event of Default hereunder only as to the following liabilities:

- (i) the portion of Rentals and Additional Rentals which would otherwise have been payable hereunder, allocable to any period in which the City continues to occupy the Property; and

- (ii) Rentals, Additional Rentals or other obligations hereunder which would otherwise have been payable by the City hereunder subsequent to termination of the Lease Purchase Agreement.

A judgment requiring a payment of money may be entered against the City by reason of an Event of Nonappropriation only to the extent that the City fails to vacate the Property as required by the Lease Purchase Agreement and only as to the liabilities described in this Section of the Lease Purchase Agreement.

Performance of the City's Obligations.

If the City shall fail to make any payment or to keep or perform any of its obligations as provided in the Lease Purchase Agreement, then the Corporation, the Credit Facility Provider in the Corporation's name, or the Trustee, may (but shall not be obligated so to do) upon the continuance of such failure on the City's part for 60 days after notice of such failure is given the City by the Corporation, the Credit Facility Provider, or the Trustee, and without waiving or releasing the City from any obligation under the Lease Purchase Agreement, as an additional but not exclusive remedy, make any such payment or perform any such obligation, and all sums so paid by the Corporation, the Credit Facility Provider or the Trustee, and all necessary incidental costs and expenses incurred by the Corporation, the Credit Facility Provider or the Trustee in performing such obligations shall be deemed Additional Rentals and shall be paid by the City to the Corporation, the Credit Facility Provider, or the Trustee, as applicable, on demand, and if not so paid by the City, the Corporation or the Trustee shall have the same rights and remedies provided for in the Lease Purchase Agreement in the case of Default by the City in the payment of Rentals.

Rights and Remedies Cumulative.

The rights and remedies reserved by the Corporation and the City under the Lease Purchase Agreement 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, the City and the Credit Facility Provider 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 Purchase Agreement, notwithstanding availability of an adequate remedy at law, and each party by the Lease Purchase Agreement waives the right to raise such defense in any proceeding in equity.

No Remedy Exclusive.

No remedy in the Lease Purchase Agreement 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 Purchase Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any 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, the Trustee or the Credit Facility Provider to exercise any remedy reserved to it in the Lease Purchase Agreement it shall not be necessary to give any notice, other than such notice as may be required in the Lease Purchase Agreement or by law.

No Additional Waiver Implied by One Waiver.

In the event any agreement contained in the Lease Purchase Agreement shall be breached by any party and thereafter waived by another 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 Purchase Agreement.

Notices.

All notices required or desired to be given shall be in writing, and all such notices and other written documents required or desired to be given shall be deemed duly served and delivered for all purposes upon the Corporation, the City, the Credit Facility Provider and the Trustee if given in the manner and to the addresses specified in the Indenture.

The Corporation Shall Not Unreasonably Withhold Consents and Approvals.

Wherever in the Lease Purchase Agreement it is provided that the Corporation or the City shall, may or must give its approval or consent, or execute supplemental agreements or schedules, the Corporation and the City shall not unreasonably, arbitrarily or unnecessarily withhold or refuse to give such approvals or consents or refuse to execute such supplemental agreements or schedule.

Amendments.

Except as otherwise provided in the Lease Purchase Agreement or the Indenture, subsequent to the issuance of Bonds and prior to all of the Bonds being paid in accordance with the Indenture and provision being made for the payment of all sums payable under the Indenture, the Lease Purchase Agreement may not be effectively amended, changed, modified, altered or terminated without the concurring written consent of the Trustee, the Corporation and the Credit Facility Provider, given in accordance with the provisions of the Indenture except as provided in the Indenture. Any rating agency rating the Bonds must receive notice of each amendment and a copy thereof at least 15 days in advance of its execution or adoption. The Credit Facility Provider shall be provided with a full transcript of all proceedings relating to the execution of any supplement or amendment.

Net Lease.

The parties agree (a) that the Lease Purchase Agreement is intended to be a net lease, (b) that the payments of Rentals and Additional Rentals are designed to provide the Corporation and the Trustee funds adequate in amount to pay all principal of and interest and any redemption premiums accruing on the Series 2017A Bonds as the same become due and payable, (c) that to the extent that the payments of Rentals and Additional Rentals are not sufficient to provide the Corporation and the Trustee with funds sufficient for the purposes aforesaid, the City, subject to the provisions of the Lease Purchase Agreement, shall be obligated to pay, and it does by the Lease Purchase Agreement 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 Series 2017A Bonds are deemed to be paid in accordance with the Indenture and provision has been made for payment of all other sums payable under the Indenture, the Trustee or the Corporation holds unexpended funds received in accordance with the terms hereof, such unexpended funds shall, after payment therefrom of all sums then due and owing by the City under the terms of the Lease Purchase Agreement, and except as otherwise provided in the Lease Purchase Agreement and the Indenture, become the absolute property of and be paid over forthwith to the City to be used for the lawful purposes for which such moneys may be used.

No General Liability.

No provision, covenant or agreement contained in the Lease Purchase Agreement or in the Indenture, the Series 2017A Bonds, or any obligation in the Lease Purchase Agreement or therein imposed upon the Corporation or the City, or the breach thereof, shall constitute or give rise to or impose upon the Corporation or the City a general liability or a charge upon the general credit or taxing powers of the City.

Merger, Consolidation, Transfer of Assets, etc.

As long as any of the Bonds remain Outstanding and unpaid, or until provision for the payment thereof has been made as provided in the Indenture, the Corporation will maintain its corporate existences and will not dissolve or otherwise dispose of all or a major portion of its assets without the approval of the City, the Credit Facility Provider 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 with the prior written consent of the Credit Facility Provider, 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 to 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 Communications Property Base Lease, the Premises Base Lease, the Lease Purchase Agreement, the Indenture, and any other instruments of security given by the Corporation to secure any of its obligations;
- (b) 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 Series 2017A Bonds then Outstanding to become includable in gross income for purposes of federal or Missouri income tax purposes; and
- (d) As a result of the transaction, the surviving or resulting corporation is not in Default under the Lease Purchase Agreement, the Communications Property Base Lease, the Premises Base Lease, the Indenture, the Bonds or any other instrument of security securing the obligations of the Corporation.

Maintenance of Tax Exemption.

The City and the Corporation shall not take any action or fail to take any action which action or failure would cause the interest on the Series 2017A Bonds to be includable in gross income for federal or State income tax purposes. The Corporation further covenants that, so long as the Series 2017A Bonds remain Outstanding, it will, to the best of its ability, maintain its status as an organization exempt from taxation.

The City and the Corporation will comply with all applicable provisions of the Code, including Section 103 thereof and the regulations of the Treasury Department thereunder, from time to time proposed or in effect, in order to maintain the exclusion of interest on the Series 2017A Bonds from gross income for purposes of federal and Missouri income taxation. To this end the City covenants and agrees that throughout the Lease Term it will operate the Property solely for local governmental purposes and at

no time shall the City allow in excess of five percent (5%) of the Project to be used in the trade or business of a non-governmental person within the meaning of the Code.

The City and the Corporation covenant and agree that they will use or cause to be used the proceeds of the Series 2017A Bonds as soon as practicable and with all reasonable dispatch for the purpose for which the Series 2017A Bonds are issued as in the Indenture set forth, and that no part of the proceeds of the Series 2017A Bonds shall be invested in any securities, obligations or other investments except for the temporary period pending such use nor used, at any time, directly or indirectly, in a manner which, if such use had been reasonably anticipated on the date of issuance of the Series 2017A Bonds, would have caused any of the Series 2017A Bonds to be or become “arbitrage bonds” within the meaning of Section 103(b)(2) or Section 148 of the Code and the regulations of the Treasury Department thereunder proposed or in effect at the time of such use and applicable to obligations issued on the date of issuance of the Series 2017A Bonds.

The representations, warranties, covenants and statements of expectation of the City, the Corporation and the Trustee as set forth in the Tax Compliance Agreement are by this reference incorporated in the Lease Purchase Agreement as though fully set forth in the Lease Purchase Agreement.

Access to Premises.

The City agrees that the Corporation and the Credit Facility Provider and any authorized representative thereof shall have the right at all reasonable times to enter upon and to examine and inspect the Project. The City further agrees that the Corporation and the Credit Facility Provider and any authorized representative thereof shall have such rights to access to the Project as may be reasonably necessary to cause the proper maintenance of the Project in the event of failure by the City to perform its obligations under the Lease Purchase Agreement.

Additional Covenants of the City.

The Corporation also covenants and agrees that upon payment of all the Rentals and Additional Rentals and the exercise of the option to purchase granted by the Lease Purchase Agreement, the Corporation and its officers shall take all actions necessary to authorize, execute and deliver to the City any documents which may be necessary to vest in the City all of the Corporation’s interest in and to the Property, including, if necessary, a release of any and all liens created under the provisions of the Lease Purchase Agreement or otherwise by the Corporation. The Corporation agrees to defend or eliminate any claims adverse to such interest arising out of an Event of Default occurring after receipt by the Corporation of its leasehold interest in the Property; provided that the Corporation’s obligations under this provision shall not extend to claims arising out of actions by the City or persons asserting claims under it.

Covenants of the City with Respect to Transfers.

Except as provided in the Lease Purchase Agreement and for Permitted Encumbrances, as long as any of the Bonds remain Outstanding and unpaid or provision for the payment of the same has not been made in accordance with the provisions of the Indenture in both cases, the City will not convey or transfer any interest in the Property or any part thereof other than to the Corporation.

Amounts Remaining in the Bond Fund or the Project Fund.

It is agreed by the parties hereto that any amounts remaining in the Bond Fund or the Project Fund upon the expiration or sooner termination of the Lease Term, as provided in the Lease Purchase

Agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), the reasonable fees, charges and expenses of Trustee and the Corporation in accordance with the Indenture, and all other amounts required to be paid under the Communications Property Base Lease, the Premises Base Lease, the Lease Purchase Agreement and the Indenture, shall belong to and shall be paid to the City by the Trustee as overpayment of Rentals.

Waiver of Sovereign Immunity.

For purposes of the Indenture, to the extent permitted by law, the City by the Lease Purchase Agreement waives the right to sovereign immunity or any other similar defense with respect to the enforcement of remedies pursuant to the Lease Purchase Agreement.

Assignment of Revenues.

Pursuant to the Indenture, the Corporation shall assign and pledge any rents, revenues and receipts receivable by it under the Lease Purchase Agreement, to the Trustee as security for payment of the principal of, interest and premium, if any, on the Series 2017A Bonds and the City by the Lease Purchase Agreement consents to such pledge and assignment.

Granting of Easements.

If no Event of Default under the Lease Purchase Agreement shall have happened and be continuing, the City may (subject to the Lease Purchase Agreement), with the prior written consent of the Credit Facility Provider, at any time or times cause the Corporation to (a) grant or cause to be granted easements, licenses, rights-of-way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property included in the Property, or (b) release existing easements, licenses, rights-of-way and other rights or privileges, all with or without consideration and upon such terms and conditions as the City shall determine.

Covenants for the Benefit of Credit Facility Provider

1. The Lessee (under the Lease) and the Lessor (under the Premises Base Lease) shall not have the right to terminate those agreements for default by the respective counterparties.
2. The City shall pay or reimburse the Insurer, from Additional Rentals, any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Indenture, the Base Lease, the Lease, the Leasehold Deed of Trust or any other financing document related to the Bonds (each a "Related Document") or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to any Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of any Related Document.
3. The City may only contest taxes, assessments, utility and other such charges with respect to the Leased Property upon notice to the Insurer and must pay such taxes, assessments, utility and other charges if requested to do so by the Insurer.

4. The Insurer shall be provided with the following information by the City provided, that the reporting requirements of this paragraph will be satisfied to the extent such information has been posted with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access repository:
- (i) Annual audited financial statements within 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 (together with a certification of the City that it is not aware of any default or Event of Default under the Lease), and the City's annual budget within thirty (30) days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time;
 - (ii) Notice of a failure of the City to appropriate Rentals;
 - (iii) Notice of the commencement of any proceeding by or against the City commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");
 - (iv) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Insured Series 2017A Bonds;
 - (v) All reports, notices and correspondence to be delivered to Bondholders under the terms of the Related Documents; and
 - (vi) All information furnished pursuant to the continuing disclosure agreement entered into in connection with the Insured Series 2017A Bonds shall also be provided to the Insurer, simultaneously with the furnishing of such information.
- (a) The Insurer shall have the right to receive such additional information as it may reasonably request.
 - (b) The City will permit the Insurer to discuss the affairs, finances and accounts of the City or any information the Insurer may reasonably request regarding the security for the Insured Series 2017A Bonds with appropriate officers of the City and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the City on any business day upon reasonable prior notice.
 - (c) The Series 2017A Credit Facility Provider shall be included as a third party beneficiary to the Lease Purchase Agreement and the Deed of Trust.
 - (d) The Lease Purchase Agreement shall not be amended, supplemented, modified or waived without the prior written consent of the Series 2017A Credit Facility Provider.

* * * * *

SUMMARY OF THE DEED OF TRUST AND SECURITY AGREEMENT

The following is a summary of certain provisions of the Deed of Trust and Security Agreement dated as of December 1, 2007, as amended by the First Supplemental Deed of Trust and Security Agreement dated as of September 1, 2011, the Second Supplemental Deed of Trust and Security Agreement dated as of December 1, 2014 and the Third Supplemental Deed of Trust and Security Agreement dated as of June 1, 2017, each from the Corporation as grantor to the mortgagee named therein for the benefit of the Trustee (the “Deed of Trust”). The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Deed of Trust for a complete recital of the terms thereof.

The Corporation, as Grantor has delivered the Deed of Trust with respect to real estate and property described in the Deed of Trust in which it holds a leasehold interest leased pursuant to the Premises Base Lease and Communications Property Lease and all other right, title and interest of the Grantor and all future and additional titles, estates, rights and interests hereafter acquired by the Grantor in and to said real estate, TOGETHER with (1) all buildings, improvements and fixtures now or hereafter existing upon the above-described real estate, (2) all of the hereditaments, easements, licenses, appurtenances, water rights and permits, rents, issues and profits thereof (including without limitation all mineral and gas rights and leases or subleases and the revenue and proceeds therefrom), (3) all right, title and interest, including the right to receive same, in and to all proceeds of insurance paid or payable as a result of damage or destruction of the property described above (as provided in the Deed of Trust) and any awards or payments which may be made with respect to the property described above as a result of the exercise of the right to eminent domain and any other damage or injury to or decrease in the value of the property described above (as provided in the Deed of Trust), (4) all right, title, and interest of Grantor in and to every part and parcel thereof, (5) all leases or subleases of the Mortgaged Property (as in the Deed of Trust defined), or any part thereof, now or hereafter entered into by Grantor, (6) all rights, reversionary interests and benefits derived or to be derived by Grantor therefrom and (7) the machinery and equipment and all other personal property, fixtures, fittings, appliances, apparatus, furniture, furnishings and equipment as described in the Deed of Trust and made a part thereof by reference, and all additions thereto and substitutions therefor and proceeds thereof, including, without limitation, insurance proceeds (the “Chattel Property”) and (8) all proceeds and claims arising on account of any damage to or taking of any property described above and all causes of action and recoveries for loss in value (hereinafter the Grantor’s leasehold interest in the real property described in the Deed of Trust and all of said items referred to in sections (1) through (8) above being collectively referred to as the “Mortgaged Property”), SUBJECT, however, to Permitted Encumbrances, as that term is defined in the Lease Purchase Agreement (“Permitted Encumbrances”).

Payment of Amounts Payable Under the Bonds and the Indenture.

Grantor will duly and punctually pay or cause to be paid all amounts payable under the Bonds and the Indenture at the dates and the places and in the manner mentioned in the Bonds, the Indenture and in the Deed of Trust, according to the true intent and meaning thereof and hereof

Further Assurances: After-Acquired Property.

Grantor will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all such further acts, deeds, conveyances, mortgages, assignments, transfers and assurances as the Beneficiary, the Credit Facility Provider or Trustee reasonably may require for the better assuring, conveying, mortgaging, assigning and confirming unto the Beneficiary all and singular the Mortgaged Property as now or hereafter constituted. All right, title and interest of Grantor in and to all improvements,

betterments, renewals, substitutions and replacements of, the Mortgaged Property or any part thereof, hereafter constructed or acquired by Grantor, which shall become a part of the Leased Property as defined in the Indenture, immediately upon such construction or acquisition, and without any further mortgaging, conveyance or assignment, shall become and be part of the Mortgaged Property and shall be subject to the lien of the Deed of Trust with the same effect as though now owned by Grantor, but at any and all times Grantor will execute and deliver to the Beneficiary, the Credit Facility Provider and Trustee any and all such further assurances, mortgages, conveyances or assignments therefor and other instruments with respect thereto as the Beneficiary, the Credit Facility Provider and Trustee may reasonably require for the purpose of expressly and specifically subjecting the same to the lien of the Deed of Trust.

Taxes, Charges and Assessments.

Grantor covenants and agrees, subject to the provisions of the Lease Purchase Agreement and hereof relating to permitted contests, to comply with the provisions of the Lease Purchase Agreement.

Liens.

Subject to the provisions of the Deed of Trust, Grantor will not create or permit to be created or remain and Grantor will, at its cost and expense, promptly discharge or cause to be discharged all liens, encumbrances and charges of which Grantor has notice on the Mortgaged Property or any part thereof other than Permitted Encumbrances.

Compliance with Orders, Ordinances, Etc.

Subject to the provisions of the Deed of Trust, Grantor will, at its sole cost and expense, comply or cause the City to comply with all present and future laws, ordinances, orders, decrees, rules, regulations and requirements of every duly constituted governmental authority, commission and court and the officers thereof of which it has notice, and the failure to comply with which would materially and adversely affect the Mortgaged Property or the use, occupancy or condition thereof Grantor will not use or permit to be used the Mortgaged Property or any part thereof in any manner inconsistent with the rights of Trustee or Beneficiary, or in violation of the provisions of the Indenture, the Base Lease, the Lease Purchase Agreement, any insurance policy or any rules or regulations of insurance underwriters.

Permitted Contests.

Grantor shall not be required to pay any tax, charge, assessment or imposition or encumbrance or other matter referred to in the Deed of Trust, nor to comply with any law, ordinance, rule, decree, order, regulation or requirement or other matter referred to in the Deed of Trust, so long as the same shall be contested in accordance with the provisions of the Lease Purchase Agreement.

Repairs, Maintenance and Alterations.

Grantor will comply or cause the City to comply with the provisions of the Lease Purchase Agreement.

Insurance.

The Grantor agrees to at all times comply or cause the City to comply with the provisions of the Lease Purchase Agreement relating to maintenance of insurance. In the event Grantor shall fail to maintain or cause to be maintained the full insurance coverage required by the Deed of Trust or shall fail to cause the Mortgaged Property to be kept in good repair and operating condition, Trustee or Beneficiary

may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof and all amounts so advanced therefor shall become an additional obligation of Grantor, 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 Bond Trustee as its “prime rate” on commercial loans (or such lower maximum amount permitted by law), Grantor agrees to pay on demand to the party advancing same.

Third Party’s Right to Perform Grantor’s Covenants; Advances.

In the event Grantor shall fail to (i) perform or cause to be performed any covenant contained in the Deed of Trust, (ii) remove or cause to be removed any lien, encumbrance or charge pursuant to the Deed of Trust, (iii) maintain or cause to be maintained the Mortgaged Property in repair pursuant to the Deed of Trust, (iv) procure the insurance required by the Deed of Trust, or (v) fail to make or cause to be made any other payment or perform or cause to be performed any other act required to be performed hereunder, then and in each such case (unless the same is being contested or other appropriate action is being taken with respect thereto pursuant to the Deed of Trust) the Beneficiary, or the Trustee, upon not less than 15 days’ prior written notice to Grantor, may (but shall not be obligated to) remedy such default for the account of Grantor and make advances for that purpose. No such performance or advance shall operate to release Grantor from any such default and any sums so advanced by the Beneficiary or the Trustee shall be repayable by Grantor on demand and shall bear interest at the rate of 2% per annum over and above the interest rate announced from time to time by the Bond Trustee as its “prime rate” on commercial loans (or such lower maximum amount as may be required by law), from the date of the advance until repaid.

No Sale of Mortgaged Property.

Except for Permitted Encumbrances and as in the Deed of Trust or in the Indenture, the Base Lease or the Lease Purchase Agreement specifically provided, Grantor will not sell, encumber, lease, transfer or assign or otherwise dispose of the Mortgaged Property or any interest therein, including the rents, income or profits from the Mortgaged Property without the prior written consent of the Beneficiary and the Credit Facility Provider.

Liability of a Third Party.

In the event any part of the Mortgaged Property shall be destroyed or damaged by any party or by any cause whereby Grantor becomes entitled to indemnity therefore from any third person or persons, Grantor, for the considerations named, does by the Deed of Trust sell, assign and transfer to Trustee all of such sum or sums so due from any such third person or persons, and Trustee is hereby authorized to receive, collect and sue for the same and Grantor by the Deed of Trust authorizes and directs that such sum or sums be paid to Trustee upon presentation of a copy hereof duly certified by an officer of the Beneficiary. Any and all sums received by Trustee hereunder, after deducting therefrom the reasonable charge or expenses paid or incurred in connection with the collection and disbursement of said moneys, shall be used and applied as set forth in the Lease Purchase Agreement.

Title Insurance.

Concurrently with the execution hereof, the Grantor shall deliver to the Beneficiary title insurance policies with respect to the Mortgaged Property in compliance with the provisions of the Lease Purchase Agreement. The insurance required by this Section may be paid for out of the proceeds of the Series 2017A Bonds.

Damage, Destruction and Condemnation.

In case of any damage to or destruction of all or any part of the Mortgaged Property or in the case of a taking of all or any part of the Mortgaged Property or any right therein under the exercise of the power of eminent domain or any loss thereof because of failure of title thereto or the commencement of any proceedings or negotiations which might result in such a taking or loss, the Grantor shall comply with the provisions of the Lease Purchase Agreement.

Base Lease and Lease Purchase Agreement.

The Grantor shall comply with the provisions of the Lease Purchase Agreement and the Base Lease and shall give immediate written notice to the Beneficiary of any default by the Grantor or the City under the Lease Purchase Agreement or the Base Lease or of any notice received by the Grantor or the City from the other of any default under the Lease Purchase Agreement or the Base Lease.

The Grantor shall not surrender the leasehold estate and interests in the Deed of Trust conveyed nor terminate or cancel the Base Lease creating such estate and interests, and the Grantor shall not, without the express written consent of Beneficiary and Bond Insurer, alter or amend the Base Lease.

The Grantor agrees that the Lease Purchase Agreement and the leasehold estate created thereby shall always be and are by the Deed of Trust made subordinate, subject, and inferior to the lien created hereby on the estates in the real estate described in the Deed of Trust, so that said Lease Purchase Agreement will no longer affect said real estate after any foreclosure hereunder or sale by the Trustee hereunder.

The Grantor will at all times fully perform and comply with all agreements, covenants, terms and conditions imposed upon or assumed by it as tenant under the Base Lease and that if the Grantor shall fail to do so, the Beneficiary may (but shall not be obligated to) take any action the Beneficiary deems necessary or desirable to prevent or to cure any default by the Grantor in the performance or compliance with Grantor's covenants or obligations under the Base Lease. Upon receipt by the Beneficiary of any written notice of default by the Grantor under the Base Lease, the Beneficiary may rely thereon and take any action as aforesaid to cure such default even though the existence of such default or the nature thereof be questioned or denied by the Grantor or by any party on behalf of the Grantor. The Grantor by the Deed of Trust expressly grants to the Beneficiary, and agrees that the Beneficiary shall have, the absolute and immediate right to enter in and upon the premises subject to the Deed of Trust or any part thereof to such extent and as often as the Beneficiary, in its sole discretion, deems necessary or desirable in order to prevent or to cure any such default by the Grantor. The Beneficiary may pay and expend such sums of money as the Beneficiary in its sole discretion deems necessary for any such purpose. All sums so paid and expended by the Beneficiary, and the interest thereon shall be added to and be secured by the lien of the Deed of Trust.

The Grantor shall not surrender the Mortgaged Property or any other interest in the Deed of Trust described, nor terminate or cancel the Base Lease and as further security for payments under the Lease Purchase Agreement and for performance of the contracts in the Deed of Trust and in the Base Lease contained, the Grantor by the Deed of Trust assigns to the Trustee all of its rights, privileges and prerogatives as lessee under the Base Lease to terminate, cancel, modify, change, supplement, alter and amend the Base Lease, and any such termination, cancellation, modification, change, supplement, alteration or amendment of the Base Lease without the prior written consent thereto by the Beneficiary shall be void and of no force and effect.

Extensions, Modifications or Amendments to Base Lease.

The Grantor shall file with the Trustee and the Beneficiary copies of any renewals, amendments, extensions or modifications of the Base Lease within five days of execution thereof. Any renewal of the Base Lease or amendment to Base Lease shall be recorded in the real estate records of the City of St. Louis, Missouri, immediately following the execution thereof.

Events of Default.

An “event of default” hereunder shall be:

- (a) failure of Grantor to make any payment due under the Indenture; or
- (b) the occurrence of any Event of Default as defined in the Indenture or the Lease Purchase Agreement; or
- (c) other than a default under subparagraph (a) above, the failure of Grantor to do, perform or observe or cause to be done, performed or observed any term, covenant, condition or provision hereof which Grantor is to perform within 30 days after written notice thereof to Grantor by Trustee or the Beneficiary or Grantor breaches any covenant set forth in the Deed of Trust or any representation or warranty of the Grantor in the Deed of Trust proves to be untrue.

Trustee’s Powers.

During the continuance of any such event of default, the Trustee with or without entry, personally or by attorney, may proceed to protect and enforce his rights and the rights of Beneficiary by a suit or suits in equity or at law, whether for the specific performance of any covenant or agreement contained in the Deed of Trust, or in aid of the execution of any power in the Deed of Trust granted, or for any foreclosure hereunder, or for the enforcement of any other appropriate legal or equitable remedy, as the Trustee shall deem most effectual to protect and enforce any of the rights or duties under the Deed of Trust.

Trustee May Enter and Take Possession, Operate and Apply Income.

During the continuance of any such event of default hereunder, the Trustee personally or by his agents or attorneys, may with the prior written consent of the Credit Facility Provider and shall if directed in writing by the Credit Facility Provider enter into and upon all or any part of the Mortgaged Property and each and every part thereof, and may with the prior written consent of the Credit Facility Provider and shall if directed in writing by the Credit Facility Provider exclude Grantor, its agents and servants wholly therefrom; and having and holding the same, may with the prior written consent of the Credit Facility Provider and shall if directed in writing by the Credit Facility Provider use, operate, manage and control the Mortgaged Property for any lawful purpose and upon every such entry, the Trustee at the expense of Grantor from time to time, either by purchase, repairs or construction, may with the prior written consent of the Credit Facility Provider and shall if directed in writing by the Credit Facility Provider maintain and restore the Mortgaged Property whereof it shall become possessed as aforesaid, and may with the prior written consent of the Credit Facility Provider and shall if directed in writing by the Credit Facility Provider insure and reinsure the same as may seem to him to be judicious: and likewise, from time to time at the expense of Grantor, the Trustee may with the prior written consent of the Credit Facility Provider and shall if directed in writing by the Credit Facility Provider make all necessary or proper repairs, renewals, replacements, alterations, additions, betterments and improvements thereto and thereon as to him may seem judicious: and the Trustee shall be entitled to collect and receive

all earnings, revenues, rents, issues, profits and income of the same and every part thereof; and after deducting the expenses of operations, maintenance, repairs, renewals, replacements, alterations, additions, betterments and improvements and all payments which may be made for taxes, assessments, insurance and prior or other proper charges upon the Mortgaged Property or any part thereof, as well as all advances by the Trustee and reasonable compensation for the services of the Trustee and for all counsel and agents and clerks and other employees by him properly engaged and employed, the Trustee shall deposit the moneys arising as aforesaid in the Bond Fund (as defined in the Indenture).

Foreclosure and Sale of Mortgaged Property.

Upon the occurrence of any event of default under the Deed of Trust, Trustee, at the request of the Credit Facility Provider or the Beneficiary with the prior written consent of the Credit Facility Provider, shall proceed to sell, either by himself or by agent or attorney, the Grantor's leasehold interest in the Mortgaged Property and every part thereof at public vendue or outcry at the customary time and place of sale then used for such purposes in the City of St. Louis, State of Missouri, to the highest bidder for cash after first giving notice as required by law. Upon such sale or sales made by Trustee under the power in the 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, real, personal and mixed, may be sold in one parcel as an entirety, or the Mortgaged Property may be sold in separate parcels as may be determined by Trustee in his discretion; and (ii) Trustee shall receive the proceeds of such sale or sales and shall execute and deliver deed or deeds or other appropriate instruments of conveyance, assignment or transfer of the property sold to the purchaser or purchasers thereof, and any deed or other instrument of conveyance, assignment or transfer made and delivered by Trustee in pursuance of the powers granted and conferred in the Deed of Trust, and all recitals therein contained shall be prima facie evidence of the facts therein set forth. Each time it shall become necessary to insert an advertisement of foreclosure, and sale is not had, Trustee shall be entitled to receive from Grantor the sum of One Hundred Dollars (\$100.00) for services and the amount of all advertising charges and the fees of counsel and agents, all of which shall be further secured by the Deed of Trust.

Sale a Bar.

Any sale or sales pursuant to the Deed of Trust shall operate to divest all estate, right, title, interest, claim or demand whatsoever, whether at law or in equity, of Grantor, in and to the premises, property, privileges and rights so sold, and shall be a perpetual bar both at law and in equity against Grantor, its successors and assigns, and against any and all persons claiming or who may claim the same, or any part thereof, from, through or under Grantor, its successors or assigns.

Receipt Sufficient Discharge for Purchaser.

The receipt of the Trustee or of the court officer conducting any such sale for the purchase money paid at any such sale shall be a sufficient discharge therefor to any purchaser of the property, or any part thereof, sold as aforesaid; and no such purchaser or his representatives, grantees or assigns, after paying such purchase money and receiving such receipt, shall be bound to see to the application of such purchase money upon or for purpose of the Deed of Trust, or shall be answerable in any manner whatsoever for any loss, misapplication or non-application of any such purchase money or any part thereof, nor shall any such purchaser be bound to inquire as to the necessity or expediency of any such sale.

Sale to Accelerate Amounts Payable Under the Bonds and the Indenture.

In the event of any sale pursuant to the Deed of Trust, amounts payable under the Bonds and the Indenture, if not previously due, immediately thereupon shall become due and payable if the prior written

consent of the Credit Facility Provider to such acceleration is obtained, anything in the Bonds, the Indenture, the Deed of Trust or any other document to the contrary notwithstanding.

Application of Proceeds of Sale.

The purchase money, proceeds or avails of any such sale, together with any other sums which then may be held by the Trustee under the Deed of Trust as part of the Mortgaged Property or the proceeds thereof, shall be applied to pay amounts due by Grantor under the Bonds, the Indenture and hereunder as provided in the Indenture.

Purchase of Mortgaged Property.

Upon any sale pursuant to the Deed of Trust of all or of any portion of the Grantor's leasehold interest in the Mortgaged Property pursuant to judicial proceedings, the Beneficiary, or any holder of any Bonds may bid for and purchase the property being sold, and upon compliance with the terms of sale, the Beneficiary, or any holder of any Bonds may hold, retain, possess and dispose of such property in its own absolute right without further accountability. Any payments received from the Beneficiary or any holder of any Bonds pursuant hereto shall be applied in accordance with the Indenture. The Beneficiary may make payment for such Mortgaged Property by presenting to the Trustee the Indenture secured hereby so that there may be endorsed as paid thereon the amount of such bid which is to be applied to the payment of such Indenture, as the case may be.

Trustee Entitled to Appointment of Receiver.

Grantor further agrees that upon the happening of any event of default and thereafter during the continuance of such event of default unless the same shall have been waived as in the Deed of Trust provided, the Trustee shall be entitled as a matter of right, if the Trustee shall so elect, (i) forthwith and without causing the Trustee to declare the amounts payable under the Indenture to be due and payable, or (ii) after declaring the same to be due and payable, or (iii) upon the filing of any suit to foreclose the Deed of Trust or to enforce the specific performance hereof or in aid thereof or upon the commencement of any other judicial proceeding to enforce any right of the Beneficiary or the Trustee, to the appointment of a receiver or receivers of the Mortgaged Property and of all the earnings, revenues, rents, issues, profits and income thereof, with such powers as the court making such appointment shall confer, which may comprise any or all of the powers which the Trustee is authorized to exercise by the provisions of the Deed of Trust. Grantor, if requested so to do by the Trustee, will consent to the appointment of any such receiver as aforesaid. Trustee or Beneficiary may be appointed as such receiver, and if so appointed, shall serve without bond.

Waiver of Extension, Appraisal, Stay, Redemption, Laws.

To the extent permitted by law, Grantor will not during the continuance of any event of default under the Deed of Trust insist upon, or plead, or in any manner whatever claim or take any benefit or advantage of, any stay, redemption, or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of the Deed of Trust; or claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal of the Mortgaged Property, or any part thereof, prior to any sale or sales thereof which may be made pursuant to any provision contained in the Deed of Trust, or pursuant to the decree, judgment or order of any court of competent jurisdiction: or after any such sale or sales, claim or exercise of any right under any statute heretofore or hereafter enacted by the United States of America but instead shall suffer and permit the execution of every power as though no such law or laws had been made or enacted.

Remedies Subject to Provision of Law.

All rights, remedies and powers provided by the Deed of Trust may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions described in this section are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render the Deed of Trust invalid or unenforceable under the provisions of any applicable law.

Release of Mortgaged Property.

The Grantor, Trustee and the Beneficiary shall from time to time enter into amendments and modifications of the Deed of Trust to release from the lien of the Deed of Trust such portion or portions of the Mortgaged Property with respect to which the City has exercised its rights under the Lease Purchase Agreement. Upon compliance with the provisions of the Lease Purchase Agreement, the Beneficiary, on demand of the Grantor and at the Grantor's cost and expense, shall execute and deliver to the Grantor a proper instrument or proper instruments acknowledging the partial release of the Deed of Trust.

Amendments to the Deed of Trust.

Grantor, Trustee and the Beneficiary may from time to time enter into amendments, changes and modifications of the Deed of Trust as shall be mutually agreeable, but only with the consent of the Trustee, the Credit Facility Provider and the City, and if required by the terms of the Indenture, the consent of the holders of the requisite aggregate principal amount of the Bonds then outstanding.

Defeasance.

If Grantor shall pay and discharge or provide, in a manner satisfactory to the Beneficiary, for the payment and discharge of the whole amount of all sums payable under the Deed of Trust, including all sums owing and other obligations under the Indenture, or shall make arrangements satisfactory to the Beneficiary and the Credit Facility Provider for such payment and discharge, and if all sums owing under the Bonds and the Indenture are paid and all other obligations under the Indenture are satisfied, then and in that case all property, rights and interest hereby conveyed or assigned or pledged shall revert to Grantor, and the estate, right, title and interest of the Trustee and Beneficiary therein shall thereupon cease, terminate and become void; and the Deed of Trust, and the covenants of Grantor contained in the Deed of Trust, shall be discharged and the Beneficiary in such case on demand of Grantor and at Grantor's cost and expense, shall execute and deliver to Grantor a proper instrument or proper instruments acknowledging the satisfaction and termination of the Deed of Trust and shall convey, assign and transfer or cause to be conveyed, assigned or transferred, and shall deliver or cause to be delivered to Grantor, all property, including money, then held by the Beneficiary hereunder, to be applied by Grantor as provided in the Indenture.

Deed of Trust for Benefit of Parties Hereto and Credit Facility Provider.

Nothing in the Deed of Trust, express or implied, is intended or shall be construed to confer upon, or to give to, any person, other than the parties hereto and the Credit Facility Provider, any right, remedy or claim under or by reason of the Deed of Trust or any covenant, condition or stipulation hereof, and the covenants, stipulations and agreements in the Deed of Trust contained are and shall be for the sole and exclusive benefit of the parties hereto, their successors and assigns and the Bondholders.

Severability.

In case any one or more of the provisions contained in the Deed of Trust shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained in the Deed of Trust and therein shall not in any way be affected or impaired thereby.

Limitation on Interest.

No provisions of the Deed of Trust shall require the payment or permit the collection of interest in excess of the maximum permitted by law. If any excess of interest in such respect is in the Deed of Trust provided for, or shall be adjudicated to be so provided for in the Deed of Trust, neither Grantor nor its successors or assigns shall be obligated to pay such interest in excess of the amount permitted by law, and the right to demand the payment of any such excess shall be and hereby is waived, and this provision shall control any provisions of the Deed of Trust inconsistent with this provision.

Extension.

Beneficiary may take additional security for the indebtedness secured hereby without releasing or impairing the security of the Deed of Trust. Beneficiary may resort for the payment of the indebtedness secured hereby to any other security therefor held by Beneficiary in such order and manner as Beneficiary may elect.

Personal Property.

Grantor has by the Deed of Trust granted and transfered to Beneficiary a security interest in the Chattel Property. Upon a default by Grantor, Beneficiary shall, at its option and without notice or demand, be entitled to enter upon the Mortgaged Property to take immediate possession of the Chattel Property. Upon request, Grantor shall assemble and make the Chattel Property available to Beneficiary at a place designated by Beneficiary which is reasonably convenient to both parties. Beneficiary may propose to retain the Chattel Property in partial satisfaction of the indebtedness secured hereby or sell all or any portion of the Chattel Property at public or private sale in accordance with the Uniform Commercial Code as adopted in Missouri or in accordance with the foreclosure advertisement and sale provisions under the Deed of Trust.

Nonrecourse.

Notwithstanding anything in the Deed of Trust to the contrary, no recourse shall be had against the Grantor or its members, officers, agents, or employees for the payments of amounts due hereunder, and neither the Beneficiary nor the Trustee shall bring or maintain any suit, action or other proceeding against the Grantor or its members, officers, agents, or employees for such payment, it being understood that the Beneficiary and the Trustee will look, insofar as the Grantor and its commissioners, officers, agents, or employees are concerned, solely to the rents and revenues of the Mortgaged Property and pursuant to the collateral under the Deed of Trust (including, without limitation, the rents, profits or proceeds thereof) for payment of the Grantor's obligations hereunder, and no other property or assets of the Grantor shall be subject to levy, execution or other enforcement procedure for the satisfaction of the Grantor's indebtedness hereunder; provided that the foregoing provisions shall not constitute a waiver of any obligations of the Grantor hereunder and shall not limit the right of the Beneficiary or the Trustee to name the Grantor as a party defendant in any action or suit for a judicial foreclosure or sale under the Deed of Trust, or prevent the enforcement by way of specific performance or recourse to and enforcement of the Deed of Trust, the Bonds, the Indenture, or the Lease or for the exercise of any remedies provided for in the Deed of Trust, the Bonds, the Indenture or the Lease so long as no judgment in the nature of a deficiency judgment shall be asked or taken against the Grantor.

**SERIES 2017B BONDS:
SUMMARIES OF LEGAL DOCUMENTS**

DEFINITIONS OF WORDS AND TERMS

In addition to the terms defined elsewhere in this Official Statement, the following are definitions of certain terms used in the Indenture, the Base Lease, the Lease, the Leasehold Deed of Trust, and this Official Statement. Reference is hereby made to the Indenture for complete definitions of all terms.

“Act” means the Missouri Nonprofit Corporation Act, as amended.

“Additional Bonds” means any Additional Tax-Exempt Bonds and any Additional Taxable Bonds.

“Additional Rentals” means the payments payable by the City pursuant to Section 4.2 of the Lease.

“Additional Taxable Bonds” means any additional bonds, including refunding bonds, issued by the Corporation pursuant to Section 210 of the Indenture, the interest on which is subject to federal income taxes.

“Additional Tax-Exempt Bonds” means any additional bonds, including refunding bonds, issued by the Corporation pursuant to Section 210 of the Indenture, the interest on which is not subject to federal income taxes.

“Authorized Denominations” means \$5,000 or any integral multiple thereof.

“Base Lease” means the Base Lease between the City and the Corporation, dated as of June 1, 2008, as supplemented by the First Supplemental Base Lease, and any Supplemental Base Lease.

“Base Lease Term” means the term of the Base Lease commencing as of the Closing Date 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 2017B Bonds and any Additional Bonds authenticated and delivered under and pursuant to the Indenture.

“Bond Counsel” means White Goss, a Professional Corporation, Polsinelli PC, 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” mean the Indenture, the Base Lease, the Lease, the Leasehold Deed of Trust, the Purchase Agreement, the Tax Compliance Agreement, the Continuing Disclosure Agreement, and the Official Statement, and any and all other documents which the Corporation, the City, the Trustee, or any other party or parties or their representatives, have executed and delivered, or may hereafter execute and deliver with respect to the Series 2017B Bonds, and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; 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 to the Indenture, 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, or a day on which the Depository is, authorized by law to close.

“Cede & Co.” means Cede & Co., as nominee of The Depository Trust Company, New York, New York, and any successor nominee of the Depository with respect to the Bonds.

“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, 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.

“Code” means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

“Comptroller” means the designated representative of the office of the Comptroller, which supervises the fiscal affairs of the City.

“Construction Costs” means all reasonable and necessary expenses incidental to the acquisition of real and personal property, construction, renovation, rehabilitating, equipping, improving, and installing of furnishings and equipment for the Improvements or any part thereof and any related municipal facilities which are to be constructed, installed, rehabilitated, and improved with proceeds of Bonds, including, without limitation, architectural, engineering, legal, financial, administrative, and accounting services relating thereto, the cost of all machinery, fixtures, and equipment necessary or Improvements and any and all other costs which, in the opinion of Bond Counsel, constitute construction expenditures within the meaning of Section 148(f)(4)(B)(i)(b) of the Code.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement between the City and UMB Bank, N.A., as dissemination agent, with respect to the Series 2017B Bonds.

“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 16.1 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, Costs of Issuance, and all reasonable and necessary expenses of or incidental to the Project, including capitalized interest on the Bonds as permitted under the Tax Compliance Agreement, all directly or indirectly payable or reimbursable by the Corporation.

“Costs of Issuance” means all reasonable, necessary, and incidental costs related to the authorization, issuance, sale, and delivery of the Bonds, including, but not limited to, printing expenses, rating agency fees, depository’s fees and expenses, costs of Credit Enhancement, filing and recording fees, initial fees and charges of the Trustee, expenses of feasibility studies, title insurance premiums, legal fees and expenses, fees and expenses of organizational, marketing, or other special services, financial or underwriting fees and expenses, and any other fees and expenses incurred on behalf of the Corporation or the City, as pre-approved by the Comptroller.

“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 Series 2017B 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. The Series 2017B Bond Insurance Policy and the Series 2017B Reserve Policy are Credit Enhancement within the meaning of such term.

“Credit Facility Provider” means Assured Guaranty Municipal Corp., or any successor thereto or assignee thereof, as issuer of the Series 2017B Bond Insurance Policy and the Series 2017B Reserve Policy.

“Debt Service Fund” means the Juvenile Detention Center Leasehold Revenue Bonds Debt Service Fund created in Section 401 of the Indenture.

“Debt Service Reserve Fund” means the Juvenile Detention Center Leasehold Revenue Bonds Debt Service Reserve Fund created in Section 401 of the Indenture.

“Debt Service Reserve Fund Requirement” means any or the aggregate of all the Series 2017B Reserve Account Requirement and/or the reserve account requirement with respect to any Series of Additional Bonds, as the context requires.

“Defeasance Obligations” means (a) U.S. 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. Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding 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).

“Depository” or *“DTC”* means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the New York Banking Law, as amended, a “banking organization” within the meaning of the New York Banking Law, 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.

“Equipment” means the items of machinery, equipment, or other personal property installed or acquired or to be acquired for installation in or which constitute part of the Improvements, and all replacements thereof and substitutions thereof made pursuant to the Lease.

“Escrow Agent” means UMB Bank, N.A., in such capacity under the Escrow Agreement, and its successors and assigns.

“Escrow Agreement” means the Escrow Agreement dated as of June 1, 2017, among the Corporation, the City and the Escrow Agent, as the same may from time to time be amended or supplemented in accordance with its terms.

“Event of Default” means (a) with respect to the Indenture, any Event of Default as defined in Section 901 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.

“First Supplemental Base Lease” means the First Supplemental Base Lease dated as of June 1, 2017, between the City and the Corporation.

“First Supplemental Indenture” means the First Supplemental Indenture of Trust dated as of June 1, 2017, by and between the Corporation and the Trustee.

“First Supplemental Lease Purchase Agreement” means the First Supplemental Lease Purchase Agreement, dated as of June 1, 2017, by and between the Corporation and the City.

“First Supplemental Leasehold Deed of Trust” means the First Supplemental Leasehold Deed of Trust, Security Agreement and Fixture Filing dated as of June 1, 2017, from the Corporation to the Trustee.

“Fiscal Year” means (a) with respect to the Corporation, the fiscal year now or hereafter adopted by the Corporation and, (b) with respect to the City, the fiscal year now or hereafter adopted by the City, which fiscal year currently begins on July 1 of each calendar year.

“FRS” means the City of St. Louis Firemen’s Retirement System.

“Funds” means the Debt Service Fund, the Debt Service Reserve Fund, the Series 2017B Costs of Issuance Fund, the Series 2017B Rebate Fund, the Project Fund and any accounts established therein.

“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 by 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.

“Improvements” means certain capital improvements to be constructed, installed, rehabilitated, and improved upon the Real Property and other real property owned by the City and located in the geographical boundaries of the City.

“Indenture” means the Trust Indenture dated as of the June 1, 2008, between the Corporation and the Trustee, as amended and supplemented by the First Supplemental Indenture of Trust, and as from time to time amended and supplemented in accordance with the provisions of Article XI of the Indenture.

“Insured Series 2017B Bonds” means the Series 2017B Bonds maturing on and after June 1, 2021.

“Interest Payment Date” means, with respect to the Bonds, June 1 and December 1 of each year as long as the Bonds remain Outstanding, and, with respect to the Series 2017B Bonds, beginning December 1, 2017, and, with respect to any Additional Bonds, beginning the date specified in the Supplemental Indenture authorizing such Additional Bonds.

“Lease” means the Lease Purchase Agreement between the Corporation and the City, dated as of June 1, 2008, as amended by the First Supplemental Lease Purchase Agreement and any Supplemental Lease.

“Lease Term” means the term of the Lease commencing as of the Closing Date and ending on the date specified in Section 3.2 of the Lease.

“Leased Property” means the Real Property and the Improvements located thereon.

“Leasehold Deed of Trust” means the Leasehold Deed of Trust, Security Agreement, and Fixture Filing, dated as of June 1, 2008, by the Corporation for the benefit of the Trustee, as supplemented by the First Supplemental Leasehold Deed of Trust, Security Agreement and Fixture Filing and any Supplemental Leasehold Deed of Trust.

“Maturity” means, with respect to any Bond, the date on which the principal of such Bond becomes due and payable as therein or of the Indenture provided, whether at the Stated Maturity or by declaration or acceleration or call for redemption or otherwise.

“Mayor” means the designated representative of the office of the Mayor, 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.

“Official Statement” means the preliminary and final Official Statement prepared in connection with the issuance, sale, and delivery of the Series 2017B Bonds.

“Opinion of Bond Counsel” means a written opinion of any legal counsel acceptable to the Corporation, the City, and the Trustee 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. 70521 of the City adopted by the Board of Aldermen of the City on January 20, 2017, and signed by the Mayor of the City on March 2, 2017, which authorizes, among other things, the issuance, sale, and delivery of the Series 2017B Bonds, in accordance with the Indenture, and any amendments or supplements thereto.

“Original Indenture” means the Indenture of Trust dated as of June 1, 2008, by the between the Corporation and the Trustee.

“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 cancellation;
- (b) Except as provided in Section 1303 of the Indenture, Bonds which are deemed paid under Section 1302 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.

“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.

“Payment Date” means, collectively, each Interest Payment Date and each Principal Payment Date.

“Pension Funding Project” means paying all or a portion of certain actuarially required contributions of the City coming due in the current Fiscal Year in connection with either or both of the Retirement Systems.

“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 9.1 or 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) cash, or (b) Defeasance Obligations.
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) senior debt obligations and participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);
 - b) Farm Credit System (formerly Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) consolidated system-wide bonds and notes;
 - c) Federal Home Loan Banks (FHL Banks) consolidated debt obligations; and
 - d) 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).
4. Unsecured certificates of deposit, time deposits, and bankers’ acceptances (having maturities of not more than 365 days) of any bank the short-term obligations of which are rated “A-1 +” or better by S&P and “Prime-1” by Moody’s.
5. Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation, in banks which have capital and surplus of at least \$15 million.
6. Commercial paper (having original maturities of not more than 270 days) rated “A-1+” by S&P and “Prime-1” by Moody’s.
7. Money market funds rated “Aam” or “Aam-G” by S&P, or better and if rated by Moody’s rated “Aa2” 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 least “A3” by Moody’s and at least “A-” by S&P, 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 “A-1 +” by S&P and “MIG-1” by Moody’s; and
 - c) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state or state agency described in (b) above and rated “AA-” or better by S&P and “Aa3” or better by Moody’s.
9. Pre-refunded municipal obligations rated “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 U.S. 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 U.S. 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 Report”*);
 - d) the cash or U.S. 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 U.S. Treasury Obligation shall be permitted except with another U.S. Treasury Obligation and upon delivery of a new Verification Report; and
 - f) the cash or U.S. 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 least “A-” by S&P and “A3” 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 least “A-” by S&P and “A3” by Moody’s, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated at least “A-” by S&P and “A3” by Moody’s and acceptable to the Credit Facility Provider (each a *“Repurchase Agreement Eligible Provider”*), provided that:

- a) permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA, or FHLMC (no collateralized mortgage obligations shall be permitted for these providers), and (ii) collateral levels must be at least 102% of the total principal when the collateral type is U.S. Treasury Obligations, 103% of the total principal when the collateral type is GNMA's and 104% of the total principal when the collateral type is FNMA and FHLMC (*"Eligible Collateral"*);
 - b) the Trustee or a third party acting solely as agent therefore or for the Corporation (the *"Custodian"*) has possession of the collateral or the collateral has been transferred to the Custodian in accordance with applicable state and federal laws (other than by means of entries on the transferor's books) and such collateral shall be marked to market;
 - c) the collateral shall be marked to market on a daily basis and the provider or Custodian shall send monthly reports to the Trustee, the Corporation, and the Credit Facility Provider setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;
 - d) the repurchase agreement (or guaranty, if applicable) may not be assigned or amended without the prior written consent of the Credit Facility Provider;
 - e) the repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof;
 - f) 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, notify the Corporation, the Trustee, and the Credit Facility Provider within five (5) days of receipt of such notice. Within ten (10) days of receipt of such notice, the provider shall either: (i) provide a written guarantee acceptable to the Credit Facility Provider, (ii) post Eligible Collateral, or (iii) assign the agreement to a Repurchase Agreement Eligible Provider. If the provider does not perform a remedy within ten (10) business days, the provider shall, at the direction of the Trustee (who shall give such direction if so directed by the Credit Facility Provider) repurchase all collateral and terminate the repurchase agreement, with no penalty or premium to the Corporation or the Trustee.
11. Investment agreements: with a domestic or foreign bank or corporation 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 least "AA-" by S&P and "Aa3" by Moody's, and acceptable to the Credit Facility Provider (each an *"Investment Agreement Eligible Provider"*); provided that:
- a) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service on the Bonds;

- b) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven (7) days' prior notice; the Corporation and the Trustee hereby 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 provider shall send monthly reports to the Trustee, the Corporation, and the Credit Facility Provider setting forth the balance the Corporation or Trustee has invested with the provider and the amounts and dates of interest accrued and paid by the provider;
- d) the investment agreement shall state that is an unconditional and general obligation of the provider, 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 or unsubordinated creditors;
- e) the investment agreement (or guaranty, if applicable) may not be assigned or amended without the prior written consent of the Credit Facility Provider;
- f) the Corporation, the Trustee, and the Credit Facility Provider shall receive an opinion of domestic counsel to the provider that such investment agreement is legal, valid, binding, and enforceable against the provider in accordance with its terms;
- g) the Corporation, the Trustee and the Credit Facility Provider shall receive an opinion of foreign counsel to the provider (if applicable) that (i) the investment agreement has been duly authorized, executed, and delivered by the provider and constitutes the legal, valid, and binding obligation of the provider, enforceable against the provider in accordance with its terms, (ii) the choice of law of the state set forth in the investment agreement is valid under that country's laws and a court in such country would uphold such choice of law, and (iii) any judgment rendered by a court in the United States would be recognized and enforceable in such country;
- h) the investment agreement shall provide that if during its term:
 - (1) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3" respectively, the provider shall, at its option, within ten (10) days of receipt of publication of such downgrade, either (i) provide a written guarantee acceptable to the Credit Facility Provider, (ii) post Eligible Collateral with the Corporation, the Trustee, or a Custodian free and clear of any third party liens or claims, or (iii) assign the agreement to an Investment Agreement Eligible Provider, or (iv) repay the principal of and accrued but unpaid interest on the investment;
 - (2) 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 (who shall give such

direction if so directed by the Credit Facility Provider), within ten (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.

- i) in the event the provider is required to collateralize, permitted collateral shall include Eligible Collateral. In addition, the collateral shall be marked to market on a daily basis and the provider or Custodian shall send monthly reports to the Trustee, the Corporation, and the Credit Facility Provider setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;
- j) 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 Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof;
- k) 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 (who shall give such direction if so directed by the Credit Facility Provider), 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.

The value of the above investments shall be determined as follows:

- a) For the purpose of determining the amount in any fund or account, all Permitted Investments credited to such fund or account shall be valued at fair market value. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include but are not limited to pricing services provided by Financial Times Interactive Data Corporation, Merrill Lynch, Citigroup Global Markets Inc., or Lehman Brothers.
- b) As to certificates of deposit and bankers' acceptances: the face amount thereof, plus accrued interest thereon; and
- c) As to any investment not specified above, the value thereof established by prior agreement among the Corporation, the Trustee, and the Credit Facility Provider.

"Plans and Specifications" means the plans and specifications for the Improvements, any amendments and additions thereto, and any change orders thereto.

“Principal Payment Date” means, with respect to the Series 2017B Bonds, June 1 of each year as long as the Bonds remain Outstanding, and, with respect to any Additional Bonds, beginning the date specified in the Supplemental Indenture authorizing such Additional Bonds.

“Project” means (a) funding all or a portion of the Improvements, and (b) the Pension Funding Project.

“Project Fund” means the Juvenile Detention Center Leasehold Revenue Bonds Project Fund created in the Indenture.

“PRS” means the City of St. Louis Police Retirement System.

“Public Safety Sales Tax” means the one-half of one percent sales tax approved by the voters of the City on February 5, 2008.

“Purchase Agreement” means the Bond Purchase Agreement among the Corporation, the City, and the Underwriter relating to the issuance and sale of the Series 2017B Bonds.

“Real Property” has the meaning given such term in Exhibit C of the Indenture.

“Rebate Fund” means the Rebate Fund established in the Indenture.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth day (whether or not a Business Day) of the calendar month next preceding such 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 distributed 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, and (f) identifies by name and telephone number a representative of the Trustee who may be contacted for additional information.

“Refunding Bonds” means bonds issued to refund any Series of Bonds or portion thereof then Outstanding.

“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 Section 206 or Section 209 of the Indenture.

“Resolution” means the Resolution adopted by the Board of Directors of the Corporation authorizing, among other things, the issuance, sale, and delivery of the Series 2017B Bonds, and the execution of certain documents related thereto, in accordance with the Indenture and any amendments or supplements thereto and any resolution providing for the issuance of a Series of Bonds.

“Retirement Systems” means the PRS and the FRS.

“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 210 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 2008A Bonds” means the Taxable Public Safety Sales Tax Leasehold Revenue Bonds (City of St. Louis, Missouri, Lessee) Series 2008A (Pension Funding Project) authorized under the Original Indenture.

“Series 2008B Bonds” means the Juvenile Detention Center Leasehold Revenue Bonds (City of St. Louis, Missouri, Lessee) Series 2008B, authorized under the Original Indenture.

“Series 2008B Escrow Fund” means the fund by that name created under the Escrow Agreement.

“Series 2017B Bonds” means the Juvenile Detention Center Leasehold Refunding Revenue Bonds (City of St. Louis, Missouri, Lessee) Series 2017B, authorized under the Indenture.

“Series 2017B Bond Insurance Policy” or *“Insurance Policy”* means the financial guaranty insurance policy issued by the Series 2017B Credit Facility Provider insuring the payment when due of principal of and interest on the Insured Series 2017B Bonds as provided therein.

“Series 2017B Costs of Issuance Fund” means the Series 2017B Juvenile Detention Center Leasehold Refunding Revenue Bonds Costs of Issuance Fund created in Section 501 of the First Supplemental Indenture.

“Series 2017B Credit Facility Provider” or *“Insurer”* with respect to the Series 2017B Bonds means Assured Guaranty Municipal Corp., a New York stock insurance company or any successor thereto or assignee thereof.

“Series 2017B Debt Service Account” means the Series 2017B Debt Service Account created in Section 501 of the First Supplemental Indenture.

“Series 2017B Debt Service Reserve Account” means the Series 2017B Debt Service Reserve Account created in Section 501 of the First Supplemental Indenture.

“Series 2017B Debt Service Reserve Account Requirement” means, as of the date of calculation, and calculated on the basis of the Series 2017B Bonds when issued, the least of (i) the maximum annual debt service on such Series 2017B Bonds, (ii) 10% of the stated principal amount of such Series 2017B Bonds (or issue price if such Series 2017B Bonds are sold with more than a de minimis amount of original issue discount or premium) or (iii) 125% of the average annual debt service requirements on such Series 2017B Bonds. The Series 2017B Debt Service Reserve Account Requirement may be satisfied by Series 2017B Debt Service Reserve Account deposits in cash or in partial substitution or in lieu of cash by an insurance policy, letter of credit, line of credit or surety bond or similar liquidity or credit facility guaranteeing payments into the Series 2017B Debt Service Reserve Account in the amount of the Series 2017B Debt Service Reserve Account Requirement which facility shall be obtained from an entity that is rated in one of the three highest rating categories (without regard to modifiers) by any one or more rating agency which rates such entity.

“Series 2017B Ordinance” means Ordinance No. 70521 of the City enacted on March 2, 2017, which authorized, among other things, the issuance, sale and delivery of the Series 2017B Bonds, in accordance with the Indenture and any amendments or supplements thereto and any other ordinance providing for the issuance of a Series of Bonds hereunder.

“Series 2017B Rebate Fund” means the Series 2017B Rebate Fund created in Section 501 of the First Supplemental Indenture.

“Series 2017B Debt Service Reserve Policy” or *“Reserve Policy”* means the municipal bond debt service reserve insurance policy or “Reserve Policy” issued by the Series 2017B Credit Facility Provider guaranteeing certain payments into the Series 2017B Debt Service Reserve Account with respect to the Series 2017B Bonds, as provided therein and subject to the limitations set forth therein.

“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 supplement or amendment to the Base Lease entered into by the City and the Corporation pursuant to Section 6.2 of the Base Lease and Article XII of the Indenture.

“Supplemental Indenture” means any supplement or amendment to the Indenture entered into by the Corporation and the Trustee pursuant to Article XI of the Indenture.

“Supplemental Lease” means any supplement or amendment to the Lease entered into by the Corporation and the City pursuant to Article XIV of the Lease and Article XII of the Indenture.

“Supplemental Leasehold Deed of Trust” means any supplement or amendment to the Leasehold Deed of Trust entered into by the Corporation pursuant to Section 24 of the Leasehold Deed of Trust and Article XII of the Indenture.

“Tax Compliance Agreement” means the Tax Compliance Agreement, executed by the City, the Corporation, and the Trustee in connection with the issuance of any Series of Bonds, including the Series 2017B Bonds, to evidence compliance with the provisions of Sections 141 through 150 of the Code.

“Taxable Bonds” means the Series 2017B Bonds and any Additional Taxable Bonds.

“*Tax-Exempt Bonds*” means the Series 2017B Bonds and any Additional Tax-Exempt Bonds.

“*Term*” has the same meaning given the term “*Lease Term*.”

“*Treasurer*” means the Treasurer of the City.

“*Trust Estate*” means the Trust Estate provided in the Granting Clauses of the Indenture.

“*Trustee*” means UMB Bank, N.A., St. Louis, Missouri, as trustee under the Indenture and any successors or assigns.

“*UCC*” means the Uniform Commercial Code as adopted by the State, as amended.

“*Underwriter*” means Stern Brothers & Co., as representative of the underwriters named in the Purchase Agreement.

“*U.S. Treasury Obligations*” means direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America.

“*Written Request for Disbursement*” means a request in writing, in substantially the form of Exhibit B attached to the Indenture, signed by the Corporation Representative and the City Representative.

SUMMARY OF TRUST INDENTURE

The following is a summary of certain provisions of the Trust Indenture, dated as of June 1, 2008, by and between the Corporation and the Trustee (the “*Original Indenture*”), as amended and supplemented from time to time including by the First Supplemental Indenture of Trust dated as of June 1, 2017 (the “*First Supplemental Indenture*” which, together with the Original Indenture is referred to herein as the “*Indenture*”). This summary does not purport to be complete or comprehensive, and this summary is qualified in its entirety by reference to the Indenture, a copy of which is available from the Corporation.

Nature of Obligations

The Series 2017B 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 Series 2017B 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 Series 2017B Bonds shall not constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Method and Place of Payment of Bonds; Interest Rights Preserved

Payment of the principal of and redemption premium, if any, shall be made upon the presentation and surrender of such Bonds at their respective Maturities at the principal corporate trust office of the

Paying Agent, or such other office as the Paying Agent shall designate. Payment of the interest on each Bond shall be made by the Paying Agent on each Interest Payment Date to the Registered Owner thereof at the close of business on the Record Date next preceding said Interest Payment Date (a) by check or draft mailed to such Registered Owner at its address as it appears on the Bond Register, or (b) upon written request to the Trustee by any Registered Owner of Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer to such Registered Owner upon written notice to the Trustee from such Registered Owner containing the electronic transfer instructions (which shall be located in the continental United States) to which such Registered Owner wishes to have such transfer directed, provided such written notice is given by such Registered Owner to the Trustee not less than five Business Days before the applicable Record Date. Any such written notice for electronic transfer shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such Registered Owner's account at such bank to which the payment is to be credited.

Assignment of Trust Estate

The Corporation, in consideration of the premises in the Indenture set forth, the acceptance by the Trustee of the trusts created pursuant to the Indenture, the purchase and acceptance of the Bonds by the Holders thereof, and the sum of one dollar duly paid to the Corporation by the Trustee, and of other good and valuable consideration, the receipt and sufficiency of which are acknowledged, and in order to secure the payment of the principal of and 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, 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 such terms are 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 (g) and (h) 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 or the Leasehold Deed of Trust, and (e) any and all real and personal property interests of the Corporation, including, but not limited to, equipment acquired in connection with the Leased Property pursuant to the Base Lease and the Lease, subject to (b) above.

3. All moneys and securities from time to time held by the Trustee under the Indenture, excluding moneys on deposit in the Rebate Fund, 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 by the Indenture 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.

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 of Default), Additional Bonds may be issued under and equally and ratably secured by the Indenture on a parity with the Series 2008B Bonds and any other Outstanding Bonds, with the prior written consent of the Credit Facility Provider, at any time and from time to time upon compliance with the conditions described in this Section, for the following purposes: (i) paying the Costs of completing the Project, such Cost to be evidenced by a certificate signed by a City Representative and a Corporation Representative; or (ii) providing 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; provided, however, that a refunding of all of the Bonds then Outstanding will not require the consent of the Credit Facility Provider.

Such Additional Bonds shall have the same designation as the Series 2008B Bonds, except for an identifying series letter or date and except, if appropriate, for the addition of the word “Refunding” in the case of Bonds which are Refunding Bonds, shall be numbered, shall bear interest at such rate or rates not exceeding the maximum rate then permitted by law, shall be stated to mature and shall be redeemable at such times and prices (subject to Article III of the Indenture), all as may be provided by the Supplemental Indenture authorizing such Additional Bonds. Except as to any difference in the date, the Stated Maturities, the rate or rates of interest, the provisions for redemption, or the provisions for debt service reserve funds or accounts, such Additional Bonds shall be entitled to the same benefit and security of the Indenture as the Bonds. No Refunding Bonds shall be issued to refund all or a portion of Bonds Outstanding unless such Outstanding Bonds shall be deemed defeased in accordance with Article XIII of the Indenture upon completion of such refunding and the total debt service due shall be no greater than such total debt service would have been without the refunding of such Outstanding Bonds.

Creation of Funds and Accounts

There are created and ordered to be established in the custody of the Trustee:

- (a) The “Series 2017B Juvenile Detention Center Leasehold Refunding Revenue Bonds Costs of Issuance Fund” (the “*Series 2017B Costs of Issuance Fund*”);
- (b) the “Series 2017B Juvenile Detention Center Leasehold Refunding Revenue Debt Service Account” to be established in the Juvenile Detention Center Leasehold Revenue Bonds Debt Service Fund (the “*Series 2017B Debt Service Account*”);
- (c) The “Series 2017B Juvenile Detention Center Leasehold Refunding Revenue Bonds Debt Service Reserve Account” to be established in the Juvenile Detention Center Leasehold Revenue Bonds Debt Service Reserve Fund (the “*Series 2017B Debt Service Reserve Account*”); and
- (d) The “Series 2017B Juvenile Detention Center Leasehold Refunding Revenue Bonds Rebate Fund” (the “*Series 2017B Rebate Fund*”).

In addition to the funds and accounts described above, the Escrow Agreement establishes the Series 2008B Escrow Fund to be held and administered by the Escrow Agent in accordance with the provisions of the Escrow Agreement.

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 Tax-Exempt 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 account or subaccount 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 Proceeds of Series 2017B Bonds and Other Funds

The net proceeds of the sale of the Series 2017B Bonds shall be deposited to the respective funds in the amounts provided in the Indenture.

In addition, upon the defeasance of the Series 2008B Bonds as provided in the Original Indenture, moneys remaining in the funds and accounts with respect to the Series 2008B Bonds shall be transferred by the Trustee to the Series 2017B Debt Service Fund.

Application of Amounts Deposited in Series 2017B Costs of Issuance Fund

Moneys on deposit in the Series 2017B Costs of Issuance Fund shall be paid out from time to time by the Trustee upon submission to the Trustee of Written Requests for Disbursement signed by the City Representative and the Corporation Representative, in substantially the form attached to the First Supplemental Indenture, in an amount equal to the amount of costs and expenses of issuing and securing the Series 2017B Bonds certified in such Written Requests for Disbursement, including, without limitation, printing expenses, rating agency fees, if any, recording and filing fees, trustee's and depository's fees and expenses, fees and expenses of the Corporation, legal fees, other out-of-pocket expenses incurred or to be incurred by or on behalf of the Corporation or the City in connection with or incident to the issuance, sale and delivery of the Series 2017B Bonds.

At such time as the Trustee is advised in writing by the Corporation Representative that such costs and expenses have been paid, and in any case not later than three (3) months from the Dated Date, the Trustee shall transfer any moneys remaining in the Series 2017B Costs of Issuance Fund to the Series 2017B Debt Service Account.

Provisions relating to Debt Service Reserve Fund Series 2017B Reserve Policy.

As long as the Series 2017B Reserve Policy shall be in full force and effect with respect to the Series 2017B Bonds, the Corporation and the Trustee agree to comply with the following provisions.

(a) The Corporation shall repay, or cause the City to repay, any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Bond Insurer and shall pay interest thereon from the date of payment by AGM at the Late Payment Rate. "Late Payment Rate" means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Insurer shall specify. If the interest provisions of this subparagraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest

otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Insurer, with the same force and effect as if the Corporation and/or the City had specifically designated such extra sums to be so applied and the Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy. The obligation to pay Policy Costs shall be secured by a valid lien on all revenues and other collateral pledged as security for the Bonds (subject only to the priority of payment provisions set forth under the Indenture).

All cash and investments in the Series 2017B Debt Service Reserve Account shall be transferred to the Series 2017B Debt Service Account for payment of debt service on the Bonds before any drawing may be made on the Reserve Policy or any other credit facility credited to the Series 2017B Debt Service Reserve Account in lieu of cash ("Credit Facility"). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Series 2017B Debt Service Reserve Account. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Series 2017B Debt Service Reserve Account. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) If any Policy Costs are not made in accordance with the requirements of subparagraph (a) hereof, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect owners of the Bonds.

(c) The Corporation covenants and agrees that Reserve Policy constitutes a permitted debt service reserve fund instrument pursuant to the provisions of the Indenture.

(d) Neither the Lease nor the Indenture shall not be discharged until all Policy Costs owing to the Bond Insurer shall have been paid in full. The Issuer's obligation to pay such amounts shall expressly survive payment in full of the Bonds.

(e) The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of subparagraph (a) hereof and to provide notice to the Insurer in

accordance with the terms of the Reserve Policy at least five business days prior to each date upon which interest or principal is due on the Bonds.

Application of Funds with Respect to the Series 2017B Debt Service Reserve Account

The Series 2017B Debt Service Reserve Account Requirement for the Series 2017B Bonds shall initially be satisfied by depositing with the Trustee the Series 2017B Reserve Policy, which represents the Series 2017B Debt Service Reserve Account Requirement for the Series 2017B Bonds.

Except as otherwise provided in the Indenture, funds on deposit in the Series 2017B Debt Service Reserve Account shall be used and applied by the Trustee solely to prevent a default in the event that moneys on deposit in the Series 2017B Debt Service Account are insufficient to pay the principal of and interest on any Series 2017B Bonds as the same become due. The Trustee may disburse and expend moneys from the Series 2017B Debt Service Reserve Account whether or not the amount therein equals the Series 2017B Debt Service Reserve Account Requirement. Moneys on deposit in the Series 2017B Debt Service Reserve Account may be used (i) to pay Series 2017B Bonds called for redemption or (ii) to purchase Bonds in the open market prior to their Stated Maturity, provided all Series 2017B Bonds at the time Outstanding are called for redemption or purchased and sufficient funds are available therefor. Moneys on deposit in the Series 2017B Debt Service Reserve Account shall be used to pay and retire the Series 2017B Bonds last becoming due, unless such Series 2017B Bonds and all interest thereon are otherwise paid.

So long as the sum on deposit in the Series 2017B Debt Service Reserve Account shall aggregate an amount equal to the Series 2017B Debt Service Reserve Requirement, no further deposits to said Series 2017B Debt Service Reserve Account shall be required.

So long as the sum on deposit in the Series 2017B Debt Service Reserve Account shall aggregate an amount equal to the Series 2017B Debt Service Reserve Account Requirement, investment earnings on funds on deposit in the Series 2017B Debt Service Reserve Account shall be deposited into the Series 2017B Debt Service Account. If, however, the sum on deposit in the Series 2017B Debt Service Reserve Account shall be less than the Series 2017B Debt Service Reserve Requirement, investment earnings on funds in the Series 2017B Debt Service Reserve Account shall remain therein and be applied to reducing such deficiency. If, however, the Trustee is ever required to withdraw funds from the Series 2017B Debt Service Reserve Account to prevent a default as herein provided and the withdrawal of such funds reduces the amount on deposit in the Series 2017B Debt Service Reserve Account to less than the Series 2017B Debt Service Reserve Requirement for all Series 2017B Bonds, the City shall in accordance with Section 4.2 of the Lease, make up such deficiency by making monthly payments of Additional Rentals, commencing on the first day of the calendar month following the date of such withdrawal and continuing on the first day of each month thereafter, in an amount equal to one-twelfth (1/12) of the maximum amount of such deficiency, until the amount on deposit in the Series 2017B Debt Service Reserve Account again aggregates a sum equal to the Series 2017B Debt Service Reserve Requirement.

Notwithstanding the foregoing, the Series 2017B Debt Service Reserve Account 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 obtained from an entity that is rated in one of the three highest rating categories (without regard to modifiers) by any one or more rating agency which rates such entity. In the case of the utilization of any cash substitute as provided in this paragraph, any moneys remaining in the Series 2017B Debt Service Reserve Account in excess of the Series 2017B Debt Service Reserve Account Requirement shall be transferred to the Series 2017B Debt Service Account.

Valuation of Debt Service Reserve Fund

Permitted Investments in the Series 2017B Debt Service Reserve Account shall be evaluated by the Trustee quarterly on February 15, May 15, August 15 and November 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 Series 2017B Debt Service Reserve Account shall aggregate an amount less than the Series 2017B Debt Service Reserve Requirement (by reason of such evaluation and not by reason of any withdrawal) or in the event the surety bond or other credit facility no longer qualifies under the definition of "Series 2017B Debt Service Reserve Account Requirement", including failure to meet the ratings requirements, the City shall make up such deficiency as Additional Rentals no later than the next evaluation date.

Application of Funds with Respect to the Series 2017B Debt Service Account

Except as provided otherwise in the Indenture with respect to using moneys in the Debt Service Account to purchase Bonds in the open market, money in the Series 2017B Account of the Debt Service Fund shall be expended solely for the payment of the principal of and redemption premium, if any, and interest on, the Series 2017B 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 sufficient funds from appropriate accounts of the Series 2017B Account of the Debt Service Fund, as provided in (i) above, to pay the principal of and redemption premium, if any and interest on the Series 2017B 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 purposes of paying such principal, redemption premium if any, and interest.

Whenever the amounts in the appropriate accounts of the Series 2017B Account of the Debt Service Fund are sufficient to redeem all of the Series 2017B Bonds outstanding and pay interest to accrue thereon prior to such redemption, the Corporation, upon the direction of and instruction from the City, shall take and cause to be taken the necessary steps to redeem all such Series 2017B Bonds, as provided in subsection (i) above 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. Except as provided in Section 507, any moneys in the Series 2017B Account of the Debt Service Fund may be used to redeem a portion of the Series 2017B Bonds outstanding so long as the City is not in default with respect to any payments under the Lease with respect to the Series 2017B Bonds and to the extent said moneys exceed the amount required for the payment of the Series 2017B Bonds theretofore matured or called for redemption, and for payment of any past due interest remaining unpaid.

Deposits into the Series 2017B Debt Service Account

The Trustee shall deposit into the Series 2017B Debt Service Account, as and when received, (i) any Rentals and Additional Rentals pursuant to the First Supplemental Lease Purchase Agreement corresponding to the payments of principal of, redemption premium, if any, and interest on the Series 2017B Bonds; provided that no revenues of the Public Safety Sales Tax shall be deposited into the Series 2017B Debt Service Account or used to make payment of principal of, redemption premium, if any, on the Series 2017B Bonds; (ii) all interest and other income derived from investments of amounts in the Series 2017B Debt Service Account; (iii) amounts on deposit in the Series 2017B Debt Service Reserve Account in excess of the Series 2017B Debt Service Reserve Account Requirement and certain investment earnings on amounts in the Series 2107B Debt Service Reserve Account, pursuant to Section 504 and Section 505 above; and (iv) all other moneys received by the Trustee under and pursuant to any

of the provisions of the Lease when accompanied by directions from the Person depositing such moneys that such moneys are to be paid into the Series 2017B Debt Service Account.

Rebate Fund

In accordance with any 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, 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 payments 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.

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 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 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 free and clear of the lien of the Indenture.

Provisions Relating to Credit Facility issued by the Credit Facility Provider for the Series 2017B Bonds.

- (a) The prior written consent of the Insurer shall be a condition precedent to the deposit of any credit instrument (other than the Series 2017B Reserve Policy) provided in lieu of a cash deposit into the Series 2017B Debt Service Reserve Account. Notwithstanding anything to the contrary set forth in the Indenture, amounts on deposit in the Series 2017B Debt Service Reserve Account shall be applied solely to the payment of debt service due on the Bonds.

- (b) The Insurer shall be deemed to be the sole holder of the Insured Series 2017B Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Insured Series 2017B Bonds are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each Insured Series 2017B Bond, the Trustee (solely with respect to the Series 2017B Bonds) and each Insured Series 2017B Bondholder appoint the Insurer as their agent and attorney-in-fact and agree that the Insurer may at any time during the continuation of any proceeding by or against the Issuer under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee (solely with respect to the Series 2017B Bonds) and each Insured Series 2017B Bondholder delegate and assign to the Insurer, to the fullest extent permitted by law, the rights of the Trustee and each Insured Series 2017B Bondholder in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. Remedies granted to the Bondholders shall expressly include mandamus.
- (c) If acceleration is permitted under the Indenture, the maturity of Insured Series 2017B Bonds shall not be accelerated without the consent of the Insurer and in the event the maturity of the Insured Series 2017B Bonds is accelerated, the Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Issuer) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Insurer's obligations under the Insurance Policy with respect to such Insured Series 2017B Bonds shall be fully discharged.
- (d) No grace period for a covenant default shall exceed thirty (30) days or be extended for more than sixty (60) days, without the prior written consent of the Insurer. No grace period shall be permitted for payment defaults.
- (e) The Insurer shall be included as a third party beneficiary to the Indenture, the Lease, the Base Lease and the Leasehold Deed of Trust.
- (f) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Insured Series 2017B Bonds to be redeemed shall be subject to the approval of the Insurer. The exercise of any provision of the Indenture which permits the purchase of Insured Series 2017B Bonds in lieu of redemption shall require the prior written approval of the Insurer if any Insured Series 2017B Bond so purchased is not cancelled upon purchase.
- (g) The Indenture, Base Lease, Lease and Leasehold Deed of Trust or any other transaction document, including any underlying security agreement (each a "Related Document"),

shall not be amended, supplemented, modified or waived without the prior written consent of the Insurer.

- (h) The rights granted to the Insurer under the Indenture or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Insured Series 2017B Bondholders and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the Bondowners or any other person is required in addition to the consent of the Insurer.
- (i) Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries 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 Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for "AAA" defeasance under then existing criteria of S & P or any combination thereof, shall be used to effect defeasance of the Insured Series 2017B Bonds unless the Insurer otherwise approves.

To accomplish defeasance, the Issuer shall cause to be delivered to the Insurer (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Insured Series 2017B Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Insured Series 2017B Bonds are no longer "Outstanding" under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the Insured Series 2017B Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Issuer, Trustee and Insurer. The Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

Bonds shall be deemed "Outstanding" under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

- (j) Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of the Indenture and the Insured Series 2017B Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Issuer in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.
- (k) Each of the Issuer and Trustee covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Trust Estate under applicable law.

(l) Claims Upon the Insurance Policy and Payments by and to the Insurer.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the Insured Series 2017B Bonds due on such Payment Date, the Trustee shall give notice to the Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Insured Series 2017B Bonds due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Insured Series 2017B Bonds and the amount required to pay principal of the Insured Series 2017B Bonds, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

The Trustee shall designate any portion of payment of principal on Insured Series 2017B Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Series 2017B Bonds registered to the then current Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Bond to the Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Insured Series 2017B Bond shall have no effect on the amount of principal or interest payable by the Issuer on any Insured Series 2017B Bond or the subrogation rights of the Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Insured Series 2017B Bond. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Insured Series 2017B Bondholders referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Insurance Policy in trust on behalf of Insured Series 2017B Bondholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Insured Series 2017B Bondholders in the same manner as principal and interest payments are to be made with respect to the Insured Series 2017B Bonds under the sections hereof regarding payment of Insured Series 2017B Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Issuer agrees to pay to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the

per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Issuer hereby covenants and agrees that the Insurer Advances are secured by a lien on and pledge of the Rentals and payable from such Rentals on a parity with debt service due on the Bonds. The Issuer hereby further covenants and agrees that the interest on the Insurer Advances, are secured by a lien on and pledge of the Trust Estate.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following an Insured Series 2017B Bond payment date shall promptly be remitted to the Insurer.

- (m) The Insurer shall, to the extent it makes any payment of principal of or interest on the Insured Series 2017B Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the Issuer to the Insurer under the Related Documents shall survive discharge or termination of such Related Documents.
- (n) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Issuer or rebate only after the payment of past due and current debt service on the Insured Series 2017B Bonds and amounts required to restore the Series 2017B Debt Service Reserve Account to the Debt Service Reserve Fund Requirement.
- (o) The Insurer shall be entitled to pay principal or interest on the Insured Series 2017B Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Insurance Policy) and any amounts due on the Insured Series 2017B Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.
- (p) The notice address of the Insurer is: Assured Guaranty Municipal Corp., 1633 Broadway, New York, New York 10019, Attention: Managing Director- Surveillance, Re: Policy No. 218336-N Telephone: (212)974-0100; Telecopier: (212) 339-3556. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the Deputy General Counsel- Public Finance and shall be marked to indicate "URGENT MATERIAL ENCLOSED."
- (q) The Insurer shall be provided with the following information by the Issuer or Trustee, as the case may be:
- (ix) Notice of any draw upon the Series 2017B Debt Service Reserve Account within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess

of the Debt Service Reserve Fund Requirement and (ii) withdrawals in connection with a refunding of Series 2017B Bonds;

- (x) Notice of any default known to the Trustee or Issuer within five Business Days after knowledge thereof;
- (xi) Prior notice of the advance refunding or redemption of any of the Insured Series 2017B Bonds, including the principal amount, maturities and CUSIP numbers thereof;
- (xii) Notice of the resignation or removal of the Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;
- (xiii) Notice of the commencement of any proceeding by or against the City commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");
- (xiv) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Insured Series 2017B Bonds;
- (xv) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and
- (xvi) All reports, notices and correspondence to be delivered to Bondholders under the terms of the Related Documents.
- (r) The Insurer shall have the right to receive such additional information as it may reasonably request.
- (s) The Trustee shall notify the Insurer of any failure of the Issuer to provide notices, certificates and other information under the transaction documents.
- (t) Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the Indenture, no such issuance may occur (1) if and Event of Non-Appropriation occurs or an Event of *Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default)* exists unless such default shall be cured upon such issuance and (2) unless the Debt Service Reserve Fund is fully funded at the Debt Service Reserve Fund Requirement (including the proposed issue) upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the Insurer.
- (u) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the Series 2017B Bonds or the rights of the Bondholders, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.
- (v) No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Insured Series 2017B Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

- (w) If the Insured Series 2017B Bonds are issued for refunding purposes, there shall be delivered (such Escrow Deposit Agreement shall provide that no amendments are permitted without the prior written consent of the Insurer). An executed copy of each of such opinion and reliance letter, if applicable, or Trustee's discharge certificate, as the case may be, shall be forwarded to the Insurer prior to delivery of the Bonds.
- (x) So long as any Insured Series 2017B Bonds remain outstanding or any amounts are owed to the Insurer, the Issuer shall not issue or incur indebtedness payable from or secured in whole or in part by the Rentals that (i) bears interest at other than fixed rates or (ii) permits the holder to tender such indebtedness for purchase prior to the stated maturity thereof, in either case without the prior written consent of the Insurer.
- (y) So long as any Insured Series 2017B Bonds remain outstanding or any amounts are owed to the Insurer by the Issuer, the Issuer shall not enter into any interest rate exchange agreement, cap, collar, floor ceiling or other agreement or instrument involving reciprocal payment obligations between the Issuer and a counterparty based on interest rates applied to a notional amount of principal, without the prior written consent of the Insurer, secured by and payable from Rentals.

Investment of Moneys

Moneys held in the Project Fund, the Debt Service Fund, the Debt Service Reserve Fund, and the Rebate Fund created in 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. 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. 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. The Trustee shall transfer any excess moneys in the Debt Service Reserve Fund to the Debt Service Fund after each quarterly valuation as provided in Section 503 of the Indenture. The Trustee may make any and all investments permitted by this Section through its own bond department or short-term investment department. The Trustee shall not be liable for any loss resulting from any investment made in accordance with the Indenture.

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 upon the direction of the Credit Facility Provider so long as the Credit

Facility Provider has not failed to comply with its obligations under the applicable Credit Enhancement. The Trustee, as assignee of the Lease and the holder of the Indenture, in its name or in the name of the Corporation may, and upon the direction of the Credit Facility Provider so long as the Credit Facility Provider has not failed to comply with its obligations under the applicable Credit Enhancement shall, 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.

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) Failure by the Corporation in the due and punctual payment of any interest on any Bond;
- (b) Failure 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) Failure 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 by the Indenture, and the continuance thereof for a period of 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 an 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; provided, however, that such period shall not extend beyond a total of 90 days without the prior written consent of the Credit Facility Provider so long as the Credit Facility Provider has not failed to comply with its obligations under the applicable Credit Enhancement. Upon receipt of notice of any Event of Default under this subparagraph (c), the City shall have the rights specified in subparagraph (b) of Section 914 of 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 1001(h) and the City, upon receipt of such notice, shall have the rights specified in Section 914 of the Indenture. In determining whether a payment default has occurred or whether a payment of interest on, principal of, or redemption premium, if any, on the Series 2017B Bonds has been made under the Indenture, no effect shall be given to payments made under the Series 2017B Bond Insurance Policy.

Acceleration of Maturity in Event of Default

If an Event of Default shall have occurred and be continuing, the Trustee may, with the consent of the Credit Facility Provider, and shall at the direction of the Credit Facility Provider or the Holders of not

less than 51% in aggregate principal amount of Bonds then Outstanding with the consent of the Credit Facility Provider, by notice in writing delivered to the Corporation, the City, and the Credit Facility Provider, 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, anything in the Indenture or the Bonds to the contrary notwithstanding. Any acceleration of the Series 2017B Bonds or any annulment thereof shall be subject to the prior written consent of the Credit Facility Provider (if it has not failed to comply with its payments obligations under the Series 2017B Bond Insurance Policy).

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 provide to the Corporation with a copy to the Trustee and the Credit Facility Provider 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) notice of termination of the Lease or (ii) confirmation that sufficient funds have been budgeted and appropriated to make all payments of Rentals and Additional Rentals for such Fiscal Year. If the Trustee does not receive such notice prior to the last day of any Fiscal Year, the Trustee shall make independent inquiry of the fact of whether or not such appropriation has been made. If such appropriation has not been made, or if notice of termination has been given, all of the City's right, title, interest, and obligations under the Lease shall terminate without penalty on the last day of the Fiscal Year for which appropriation of Rentals and Additional Rentals has been made. Subject to Section 11.4 of the Lease, failure of the City to budget and appropriate prior to the last day of each Fiscal Year funds in the minimum amount equal to the Rentals and a reasonable estimate of Additional Rentals during such Fiscal Year, shall constitute an Event of Non- Appropriation.

Upon the occurrence and continuance of any Event of Non-Appropriation, the Corporation may, subject to the prior written consent of the Credit Facility Provider, or shall, at the prior written direction of the Credit Facility Provider, so long as the Credit Facility Provider has not failed to comply with its obligations under the applicable Credit Enhancement, 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, upon direction of the Credit Facility Provider, so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement, without any further demand or notice, (i) terminate the Lease, re-enter 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 909. The collection of such 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

Subject to the provisions of Article VI of the Indenture, 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 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 subparagraph (l) of Section 1001 of the Indenture 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 909 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 subparagraph (h) of Section 1001 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 granted in the Indenture or to institute such action, suit, or proceeding in its own name, and shall have provided to the Trustee indemnity as provided in subparagraph (l) of Section 1001 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 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, but subject to the rights of the Credit Facility Provider as provided in Article VI of the Indenture, 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 subject it to 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) of the 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:

- (a) 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.

- (b) 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.

- (c) 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 to subparagraph (b) of this Section, in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with subparagraph (a) of this Section.

Whenever moneys are to be applied pursuant to 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.

Opportunity of City to Purchase Corporation's Interest in Event of Default and to Cure Defaults

Upon receipt of notice by the City of an Event of Default pursuant to subparagraph (c) of Section 901 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.

Supplemental Indentures Not Requiring Consent of Bondholders

Subject to the provisions of Section 1103, the Trustee and the Corporation, with prior written notice to the Credit Facility Provider (so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement), but without the consent of or notice to any of the Bondholders, may 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 210 of the Indenture; (e) to effect the release and removal of real property from the Leased Property or to effect the addition of real property to the Leased Property,

pursuant to the provisions of Section 8.3 of the Lease; (f) to evidence the appointment of a separate trustee or a co-trustee or the succession of a new Trustee; and (g) to make any other change which in the sole determination of the Trustee does not materially adversely affect rights of the Bondholders; in making such determination the Trustee may rely on the opinion of such Counsel as it may select.

Supplemental Indentures Requiring Consent of Bondholders

Subject to the provisions of Section 1013 of the Indenture, and exclusive of Supplemental Indenture covered by Section 1101 of the Indenture, and subject to Article VI and, Section 1103 of the Indenture, the Credit Facility Provider (so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement) and 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.

Except as provided in Article VI of the 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 of Section 1102 of the Indenture, 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. Such notice 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 and 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.

Opinion of Bond Counsel

Notwithstanding anything to the contrary in the Indenture, before the Corporation and the Trustee enter into any Supplemental Indenture, there shall have been delivered to the Corporation, the City, and the Trustee an Opinion of Bond Counsel stating that such Supplemental Indenture is authorized or permitted by the Indenture and the Act, complies with their respective terms, will upon the execution and delivery thereof be valid and binding upon the Corporation in accordance with its terms, and will not adversely affect the validity of the Bonds or the exclusion from federal gross income of interest on any Tax-Exempt Bonds.

Supplemental Base Leases, Leases, and Deeds of Trust Not Requiring Consent of Bondholders

The Corporation and the Trustee shall, with the written consent of the City and the Credit Facility Provider (so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement), but without the consent of or notice to the Bondholders, consent to the execution of any Supplemental Base Lease, Supplemental Lease, or Supplemental Leasehold Deed of Trust as may be required (a) by the Base Lease, the Lease, the Leasehold Deed of Trust, 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, (d) to effect the release and removal of real property from the Leased Property or to effect the addition of real property to the Leased Property, pursuant to the provisions of Section 8.3 of the Lease, or (e) in connection with any other change therein which, in the sole determination of the Trustee, does not materially adversely affect the interests of the Trustee or the Bondholders; in making such determination the Trustee may rely on the opinion of such Counsel as it may select.

Supplemental Base Leases, Leases, and Deeds of Trust Requiring Consent of Bondholders

Subject to the provisions of Section 1013 of the Indenture, and except for Supplemental Base Leases, Supplemental Leases, and Supplemental Leasehold Deeds of Trust as described in the preceding Section, and except as provided in Article VI of the Indenture, none of the Corporation, the City, or the Trustee shall consent to the execution of any Supplemental Base Lease, Supplemental Lease, or Supplemental Leasehold Deed of Trust without the consent of the Credit Facility Provider (so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement) and 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 11 02 of the Indenture; 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 under the Indenture, or (b) a reduction in the aggregate principal amount of Bonds, the Holders of which are required to consent to any Supplemental Base Lease, Supplemental Lease, or Supplemental Leasehold Deed of Trust. If at any time the Corporation or the City shall request the consent of the Trustee to any such proposed Supplemental Base Lease, Supplemental Lease, or Supplemental Leasehold Deed of Trust, the Trustee shall cause notice of such proposed supplemental document to be mailed in the same manner as provided by Section 11 02 of the Indenture with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of such proposed Supplemental Base Lease, Supplemental Lease, or Supplemental Leasehold Deed of Trust 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.

Opinion of Bond Counsel

Notwithstanding anything to the contrary in the Indenture, before any Supplemental Base Lease, Supplemental Lease, or Supplemental Leasehold Deed of Trust is entered into pursuant to the Indenture, there shall have been delivered to the Corporation, the City, and the Trustee an Opinion of Bond Counsel stating that such supplemental document is authorized or permitted by the Indenture and that such supplemental document complies with the respective terms of the Indenture, the Act, and the Base Lease, the Lease, or the Leasehold Deed of Trust, as applicable, and will upon the execution and delivery thereof be valid and binding upon the Corporation and the City in accordance with its terms, and will not adversely affect the validity of the Bonds or the exclusion from federal gross income of interest on any Tax-Exempt Bonds.

Consent of Credit Facility Provider

Notwithstanding anything to the contrary in the Indenture, any provision of the Indenture, Base Lease, the Lease, or the Leasehold Deed of Trust expressly recognizing or granting rights in or to the Credit Facility Provider may not be amended in any manner which affects the rights of the Credit Facility Provider without the prior written consent of the Credit Facility Provider.

Notice to Rating Agency

The Trustee shall provide to any rating agency rating the Bonds notice of each Supplemental Base Lease, Supplemental Lease, or Supplemental Deed of Trust and a copy thereof at least 15 days in advance of its execution or adoption.

Satisfaction and Discharge of the Indenture

When all Bonds are deemed to be paid as described in the following Section, 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 redemption 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 510 of the Indenture, 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 Article XIII 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 referred to in subsection (b) above, the Trustee shall have received (1) a verification report of a nationally recognized independent certified public accounting firm acceptable to the Credit Facility Provider as to the adequacy of the escrow to pay in full the Bonds deemed to be paid; (2) an escrow deposit agreement (which shall be delivered to the Credit Facility Provider at least five Business Days prior to the funding of the escrow); and (3) an Opinion of Bond Counsel, in form and substance acceptable to the Credit Facility Provider, to the effect that the Bonds are no longer “Outstanding” under the Indenture, that such defeasance will not adversely affect the exclusion from federal gross income of interest on any Tax-Exempt Bonds, and that such escrow deposit agreement is valid and enforceable.

At such time as a Bond shall be deemed to be paid as described above, 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; provided, however, that the Indenture shall not be discharged, unless all amounts due to the Credit Facility Provider have been paid.

For the purposes of subsections (a) and (b) above, the term “escrow deposit agreement” shall mean an escrow deposit agreement between the Corporation and/or the City and the escrow agent named therein, which escrow deposit agreement shall provide (i) that any substitution of securities thereunder shall require a verification by an independent certified public accountant and the prior written consent of the Credit Facility Provider, (ii) that the Corporation will not exercise any optional redemption of the Bonds secured by the escrow deposit agreement or any other redemption other than mandatory sinking fund redemption unless the right to make any such redemption has been expressly reserved in the escrow deposit agreement and such reservation *has* been disclosed in detail in the official statement for the refunding bonds and, as a condition of any such redemption there shall be provided to the Credit Facility Provider a verification of an independent certified public accountant as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following such redemption, and (iii) that the Corporation shall not amend the escrow deposit agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of the Credit Facility Provider.

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

Notwithstanding any other provision of the Indenture, all moneys or Defeasance Obligations set aside and held in trust pursuant to Section 1302 of the Indenture for the payment of Bonds (including redemption premium thereon, if any) shall be applied to and used solely for the payment of the particular Bonds (including redemption premium thereon, if any) with respect to which such moneys and Defeasance Obligations have been so set aside in trust.

Only Defeasance Obligations shall be used to effect defeasance of the Bonds unless the Credit Facility Provider otherwise approves. In the event of an advance refunding, the Corporation shall cause to be delivered a verification report of an independent nationally recognized certified public accountant. If a forward supply contract is employed in connection with the refunding, (a) such verification report shall expressly state that the adequacy of the escrow to accomplish the refunding relies solely on the initial escrowed investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract, and (b) the applicable escrow agreement shall provide that in the event of any discrepancy or difference between the terms of the forward supply contract and the escrow agreement (of the authorizing document, if no separate escrow agreement is utilized), the terms of the escrow agreement or authorizing document, if applicable, shall be controlling.

Bonds to Remain Outstanding

Notwithstanding anything in the Indenture to the contrary, in the event that the principal and/or interest due on the Series 2017B Bonds shall be paid by the Credit Facility Provider pursuant to the Credit Enhancement, the Series 2017B Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Corporation, and the assignment and pledge of the Trust Estate and all covenants, agreements, and other obligations of the Corporation to the Registered Owners shall continue to exist and shall run to the benefit of the Credit Facility Provider, and the Credit Facility Provider shall be subrogated to the rights of such Registered Owners, including, without limitation, any rights that such Registered Owners may have in respect of securities law violations arising from the offer and sale of the Series 2017B Bonds.

SUMMARY OF BASE LEASE

The following is a summary of certain provisions of the Base Lease, dated as of June 1, 2008, by and between the City and the Corporation, as amended and supplemented by the First Supplemental Base Lease dated as of June 1, 2017 (collectively, and as may be further amended and supplemented, the “*Base Lease*”). This summary does not purport to be complete or comprehensive, and this summary is qualified in its entirety by reference to the Base Lease, a copy of which is available from the Corporation.

Lease of Leased Property

The City demises and leases to the Corporation the Leased Property and the Corporation leases from the City the Leased Property upon the terms and conditions provided in the Base Lease, subject to Permitted Encumbrances, for a Base Lease 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 XIII 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.

Upon acquisition of any additional improvements to the Leased Property not now owned by the City (including without limitation, any Improvements located thereon), the same shall become a part of the Leased Property, and shall be subject to all the terms, covenants, conditions, and provisions contained in the Base Lease, without further action on the part of either party thereto. Each party thereto 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 such Leased Property under the Base Lease.

Assignment, Subleases, and Mortgages

Except for Permitted Encumbrances, the Corporation shall not mortgage or otherwise assign its rights under the Base Lease or sublease the Leased Property without the prior written consent of the City and the Credit Facility Provider, so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement except in connection with any assignment of its rights as expressly provided for under the Lease.

Rent and Other Considerations

In consideration of the leasing of the Leased Property to the Corporation, and in order to provide funds for the Costs of the Project, 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 the principal amount, bearing interest, maturing, and having the other details as set forth in the Indenture; and (c) deposit the proceeds of the sale of the Bonds as provided in the Indenture.

Termination

The Base Lease shall terminate as specified in Section 3.1 thereof; 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 as provided in Article X of the Lease, then the Corporation’s interest in the Leased Property created by the Base Lease shall be considered assigned to the City and terminated through merger of the leasehold interest with the fee interest in the Leased 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 created under the Base Lease as provided in Article X of the Lease, the Corporation shall have the right to possession of the Leased Property 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.

Default by the Corporation

The City's sole remedy in the event of default by the Corporation of its obligations under the Base Lease shall be an action in equity for specific performance, and 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; provided, however that if, upon exercise of the option to purchase the Corporation's interest in the Leased Property pursuant to 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 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 Purchase Agreement, dated as of June 1, 2008, by and between the Corporation and the City, as amended and supplemented by the First Supplemental Lease Purchase Agreement dated as of June 1, 2017 (collectively, and as may be further amended and supplemented, the "*Lease*"). This summary does not purport to be complete or comprehensive, and this summary is qualified in its entirety by reference to the Lease, a copy of which is available from the Corporation.

Conveyance; Granting of Leasehold

The Corporation, pursuant to the Lease, rents and leases the Leased Property, subject to Permitted Encumbrances, unto the City, and the City, pursuant to the Lease, rents and leases the Leased Property, subject to Permitted Encumbrances, from the Corporation in consideration of the Rentals and Additional Rentals and subject to the terms and conditions set forth in the Lease. Upon acquisition, pursuant to Section 3.1 of the Base Lease, 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, 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 have commenced as of June 1, 2008, 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 has elected, either subject to the prior written consent of the Credit Facility Provider or at the prior written direction of the Credit Facility Provider, so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement such remedy as provided in 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 XIII of the Indenture.

Upon the expiration or termination of the term of the Lease, the City's right of use of the Leased Property shall terminate and the City shall immediately quit and vacate the Leased Property; provided, however, that all other terms of the Lease, including 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, and the Indenture and all obligations of the Trustee with respect to the Bondholders and the receipt and disbursement of funds shall continue until the lien of the Indenture is discharged, as provided therein, and further provided that all obligations of the City to pay any amounts to the Bondholders and the Trustee under the Lease shall thereafter be satisfied only 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, the funding of the Debt Service Reserve Fund, 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, upon the request of the Trustee or the Corporation, the City will immediately quit and vacate the Leased Property and the Rentals and Additional Rentals (except for payments which have been theretofore appropriated and are 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 Series 2017B Bonds directly or indirectly or contingently obligates the City to make any payments under the Lease beyond those payments 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.

In the Lease, 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 Additional Rentals which request or requests shall be based on actual 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 to provide financing for the Leased Property 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 in an amount sufficient to pay principal of, redemption premium, if any, and interest, on the Bonds. Upon such appropriation, 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:

As early as practicable, and in any case no later than three (3) Business Days following the date on which the budget for any Fiscal Year is finally approved by the Board of Aldermen, the City shall forward to the Corporation, with a copy to the Trustee and the Credit Facility Provider, either (i) notice of the termination of the Lease or (ii) confirmation that sufficient funds have been budgeted and appropriated to make all payments of Rentals and Additional Rentals for such Fiscal Year. Notice that sufficient funds have been appropriated for such 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 make independent inquiry of the fact of whether or not such appropriation has been made. If such appropriation has not been made, or if notice of termination has been given, all of the City's rights, title, interest, and obligations under the Lease shall terminate without penalty on the last day of the Fiscal Year for which appropriation of Rentals and Additional Rentals has been made. Subject to Section 11.4 of the Lease, failure of the City to budget and appropriate prior to the last day of each Fiscal Year funds in the minimum amount equal to the Rentals and a reasonable estimate of Additional Rentals during such 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 bona-fide 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 XIII of the Indenture, the City shall pay to the Trustee as assignee of the Corporation as to the Bonds, in funds which will be immediately available to the Trustee not less than fifteen (15) 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

whenever and in whatever manner the same shall become due, whether at Stated Maturity, upon redemption or acceleration or otherwise (said amounts being 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 1002 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 1002 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 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 1002 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.

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 (the “*Additional Rentals*”):

- (a) To the Trustee amounts equal to the amounts to be paid to the Trustee pursuant to Section 1002 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 which amounts shall be deposited by the Trustee in the Debt Service Fund pursuant to Section 501 of the Indenture;
- (d) all costs incident to the payment of the principal of and interest on the Bonds as the same become due and payable, including all costs, premiums and expenses in connection with the call, redemption, and payment of all Outstanding Bonds;
- (e) all reasonable fees and expenses of the Credit Facility Provider for the provision of any Credit Enhancement, including all charges, fees, costs, losses, liabilities, and expenses which the Credit Facility Provider may reasonably pay or incur;
- (f) the payments, if any, which the City shall be required under the Lease to deposit into the Debt Service Reserve Fund pursuant to the Indenture;
- (g) 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 Corporation Documents or the City Documents, or any other documents delivered in connection with the Bonds;

- (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 Missouri nonprofit corporation;
- (i) all amounts required to be rebated to the United States of America with respect to the Tax-Exempt Bonds, as provided in the Indenture;
- (j) any and all additional amounts owed by the City in connection with the Lease.

Without limiting the generality of the foregoing, all undertakings and obligations of the Corporation with respect to the Credit Facility Provider under Section 602(i) and (j) of the Indenture shall be the undertakings and obligations of the City with respect to the Credit Facility Provider as if expressly set forth in 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 Outstanding Bonds 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 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, for funding of the Debt Service Reserve Fund, 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 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.

City Covenant with Respect to Public Safety Sales Tax Revenues

The City covenants and agrees that, during each Fiscal Year or portion thereof in which the Series 2008A Bonds remain outstanding, the City will not use revenues from the Public Safety Sales Tax for any purpose other than (i) payment of Rentals and Additional Rentals with respect to the Series 2008A Bonds during the then-current Fiscal Year, if applicable, and (ii) payments of that portion of the debt service of the Series 2008A Bonds and any subsequent series of bonds refunding or refinancing all or any portion of the Series 2008A Bonds during such then-current Fiscal Year, unless payments of such Rentals and Additional Rentals or debt service, as the case may be, if any, have been provided for.

The Improvements

The City shall construct, install, rehabilitate, and improve the Improvements in accordance with the applicable construction Plans and Specifications, a copy of which shall be made available to the Trustee upon request. The City agrees that the foregoing construction, installation, rehabilitation, and improvement will, with such changes and additions as may be made under the Lease, result in Leased Property suitable for use by the City.

Impositions

The City shall, subject to the provisions of Section 3.2 of the Lease, during the Lease Term, bear, pay, and discharge as Additional Rentals, before the delinquency thereof, 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 in the Leased Property 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 or the Credit Facility Provider or encumber all or any part of the City's title to or interest in the Leased Property or the Corporation's interest in the Leased Property (all of the foregoing referred to as "*Impositions*").

Contest of Impositions

The City, the Trustee, and the Credit Facility Provider shall have the right, in the City's name or in the Corporation's name, upon notice to the City, the Trustee, the Corporation, and the Credit Facility Provider to contest the validity or amount of any Imposition which the City is required to bear, pay, and discharge pursuant to the terms of the Lease by appropriate legal proceedings instituted at least 10 days before the Imposition which is being contested becomes delinquent and may permit the Imposition so contested to remain unpaid during the period of such contest and any appeal therefrom, unless the Corporation, the Credit Facility Provider, or the Trustee shall notify the City that, in the opinion of Counsel, by nonpayment of any such items, the interest of the Corporation, the Trustee, or the Credit Facility Provider in the Leased Property or any part thereof will be materially endangered or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes, assessments, or charges or provide the Corporation, the Trustee, and the Credit Facility Provider with full security against any loss which may result from nonpayment, in form satisfactory to the Corporation, the Credit Facility Provider, and the Trustee.

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 term of the Lease. 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.

Property Insurance

- (a) So long as any Bonds are Outstanding, the City shall maintain an insurance policy insuring (or self-insure) the Real Property and any existing improvements thereon against loss or damage by fire, lightning, earthquake, windstorm, hail, explosion, riot, aircraft, smoke, vandalism, malicious mischief, and vehicle damage, and all other risks covered by the extended coverage insurance endorsement then in use in the State in an amount not less than the full replacement value of such portion of the Real Property and any existing improvements thereon.
- (b) The coverage set forth in subsection (a) above shall apply exclusively to the Leased Property and must be available to repair and/or rebuild the Leased Property under all circumstances after the occurrence of an insured peril. Full payment of insurance proceeds up to the required policy dollar limit in connection with the Leased Property shall not be contingent on the degree of damage sustained at other facilities owned or leased by the City. The insurance policies shall explicitly waive any co-insurance penalty.

Any such insurance may be subject to reasonable deductibles and shall name the Trustee and the Corporation as additional insureds or loss payees. Insurance proceeds shall be payable to the City, the Corporation, and the Trustee as their interests appear. No insurance policy may be cancelled or modified absent prior written notification of at least 30 days to the Corporation. Any self-insurance program shall be established and maintained with the City's customary insurance practices. The net proceeds of any such insurance shall be applied as provided in Article XI of the Lease.

- (c) Pursuant to Section 16.5, the City shall deliver annually to the Trustee a certificate of the City Representative stating that to the best knowledge of such person the City has performed and observed each and every agreement, covenant, and obligation described in this Section (including, but not limited to those with respect to the amount of coverage contained within subsection (a) above).

Workers' Compensation Insurance

The City agrees throughout the Lease Term to maintain, in connection with the Leased Property, its status as a qualified self-insurer under Chapter 287 of the Missouri Revised Statutes, as amended, with regard to Workers' Compensation Insurance or with the prior written consent of the Credit Facility Provider (so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement), similar reasonable and customary insurance.

Title Insurance

The City shall obtain: (a) an owner's policy of title insurance insuring the City's fee interest in the Leased Property; (b) a leasehold owner's policy of title insurance insuring the Corporation's interest in the Leased Property pursuant to the Base Lease; and (c) a leasehold loan policy of title insurance insuring the Trustee's interest in the Leased Property pursuant to the Leasehold Deed of Trust. Such policies shall be in an amount not less than the aggregate principal amount of Bonds then Outstanding. Such policies shall contain a comprehensive endorsement and any additional endorsements reasonably required by the Corporation. Such policies shall be issued by an insurer as, and shall be in such form as, approved by the Corporation.

Flood Insurance

The City shall maintain flood insurance in an amount not less than the aggregate principal amount of Bonds then Outstanding, unless the Leased Property is determined not to be located in an area designated by the Department of Housing and Urban Development as having special flood hazards.

Assignment by the Corporation

Pursuant to the Granting Clauses of the Indenture, the Corporation is concurrently assigning the Lease and all the rights and interests of the Corporation under the Lease, including pledging and granting to the Trustee a security interest in all moneys receivable under the Lease (except for its rights to receive payments under Section 4.2(g) and (h) of the Lease and its rights to indemnification under the Lease) and in the Leased Property, including pursuant to the Leasehold Deed of Trust, as security for payment of the principal of, premium, if any, and interest on the Bonds.

Assignment, Subleasing, and Licensing by the City

The Lease may not be assigned by the City without the prior written consent of the Corporation, the Trustee, and the Credit Facility Provider (so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement). However, the Leased Property may be subleased by the City, in whole or in part, without such consent, subject, however, to the conditions set forth in the Lease. 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.

Release of Real Property from and Addition of Real Property to the Lease

Notwithstanding any other provisions of the Lease, the Corporation and the City reserve the right at any time and from time to time upon mutual consent and upon the prior written consent of the Credit Facility Provider (so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement) to amend the Lease and the Base Lease, and the Leasehold Deed of Trust, without the consent of Bondholders, for the purpose of effecting the release of and removal from the Lease and the leasehold estate created by the Lease, and from the Base Lease and the Leasehold Deed of Trust, of any part or parts of the Real Property which has not been improved pursuant to the provisions of the Lease, or for the purpose of effecting the addition to the Lease and the leasehold estate created by the Lease, and to the Base Lease and the Leasehold Deed of Trust, of any additional real property; but prior to or simultaneously with the execution of such amendment, and as a condition precedent thereto, there shall be filed with the Trustee the instruments set forth in the Lease.

Removal of Equipment

The City shall have the right, provided the City is not in default in making Rentals or Additional Rentals under the Lease, to remove from the Leased Property and (on behalf of the Corporation) sell, exchange, or otherwise dispose of, without responsibility or accountability to the Corporation or the Trustee with respect thereto, any items of machinery and equipment which constitute a part of the Equipment and which have become inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary or which, in the sound discretion of the City, are otherwise no longer useful to the City in its operations conducted on or in the Improvements, provided that, if the original cost of any single item of Equipment to be sold, exchanged, or disposed of exceeds \$25,000 or if the aggregate original cost of such Equipment to be sold, exchanged, or disposed of in any Fiscal Year exceeds \$200,000, then, with respect to the proposed removal of such items of Equipment, the City shall obtain the prior written consent of the Credit Facility Provider and comply with the requirements set forth in Section 8.4 of the Lease. All

machinery and equipment which shall replace Equipment removed from the Leased Property by the City pursuant to subsection (b) of Section 8.4 shall become and be deemed a part of the Leased Property.

Maintenance, Repairs, and Modifications

The City shall, at its own expense, maintain, preserve, and keep the respective components of the Leased Property in good repair and condition. The City shall from time to time make all repairs, replacements, and improvements necessary to keep the respective components of the Leased Property in such condition. The Corporation shall not have any responsibility for any of these repairs, replacements, or improvements. In addition, the City shall, at its own expense, have the right to make additions, modifications, and improvements to the Leased Property, respectively, 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 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. All additions, modifications, and improvements made by the City pursuant to the authority described in this Section shall (a) be made in a workmanlike manner and in strict compliance with the laws and ordinances applicable thereof, (b) when commenced, be prosecuted to completion with due diligence, and (c) when completed, be deemed a part of the Leased Property; provided, however, that additions of machinery and equipment installed in the Leased Property by the City and not purchased or acquired from funds deposited with the Trustee under the Lease, not constituting repairs, renewals, or replacements of Equipment under Section 8.4 of the Lease, and not constituting Personal Property Collateral pursuant to Section 17 of the Leasehold Deed of Trust, shall remain the property of the City and may be removed by the City at any time.

The City shall 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 Section 9.1 of the Lease; provided that if any such lien is established and the City shall first notify the Corporation and the Trustee, and the Credit Facility Provider, of the City's intention to do so, then the City may in good faith contest any lien filed or established against the Leased Property and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless any of the Corporation, the Trustee, or the Credit Facility Provider, so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement, shall notify the City that, in the opinion of counsel experienced in the area of local real estate law acceptable to the party sending the notice, by nonpayment of any such item the interest of the Corporation, the Trustee, and the Credit Facility Provider, 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 pay and cause to be satisfied and discharged all such unpaid items or provide the Corporation, the Trustee, and the Credit Facility Provider with full security against any such loss or forfeiture, in a form satisfactory to the Corporation, the Trustee, and the Credit Facility Provider.

Liens

Except as permitted in the preceding Section, 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 Trustee, and the Credit Facility Provider of its intention to do so and the City shall follow the requirements as provided in Section 9.1 of the Lease as described above. Except as expressly described in the Lease, 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.

Additional Improvements on Leased Property

The City shall have and is given the right, at its sole cost and expense, to construct on portions of the Leased Property not theretofore occupied by buildings or improvements such additional buildings and improvements as the City from time to time may deem necessary or desirable for its governmental purposes. All additional buildings and improvements constructed on the Leased Property by the City, and not purchased or acquired from funds deposited with the Trustee under the Lease, pursuant to the authority described in this Section shall, during the term of the Lease, remain the property of the City, and the City may add to, alter, or raze and remove the same at any time.

Purchase Option

The City shall have the option to purchase (the "*Purchase Option*") 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, the Trustee, and the Credit Facility Provider of its intent to exercise the Purchase Option and so terminate the Base Lease and the Lease. Payment of the purchase price pursuant to Section 10.2 shall constitute exercise of the Purchase Option without further action by the City.

The City may also exercise the Purchase Option if the City receives notice of an Event of Default pursuant to the Lease or pursuant to subsection (a) or (b) of Section 901 of the Indenture or if an Event of Non-Appropriation under Section 11.4 of the Lease has occurred. The City shall give notice of its intent to so exercise the Purchase Option by giving notice thereof to the Corporation, the Trustee, and the Credit Facility Provider not later than 90 days after receipt of notice of any such Event of Default or Event of Non-Appropriation. The City shall make the payment of the purchase price pursuant to Section 10.2 not later than 90 days after it has given notice of its intent to exercise the Purchase Option to the Corporation, the Trustee, and the Credit Facility Provider.

Purchase Price

The purchase price payable by the City in the event of its exercise of the Purchase Option 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 XIII 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 unpaid, and to accrue until such redemption of the Bonds; plus (c) amounts due and owing to the Credit Facility Provider; plus (d) an amount equal to all of the obligations of the City and the Corporation under each Tax Compliance Agreement; plus (e) reasonable costs incident to the redemption of the Bonds; plus (f) all other Additional Rentals obligations incurred by the City through the date of the purchase; plus (g) the sum of \$10.00.

Relative Position of Purchase Option, Indenture, and Leasehold Deed of Trust

The Purchase Option granted to the City as described in this Article 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 the Purchase Option. The Purchase Option in the Lease granted shall terminate upon the earlier to occur of (a) any termination of the Lease pursuant to Section 10.4, or (b) 90 days following any termination of the Lease other than pursuant to Section 10.4.

Damage, Destruction, and Condemnation

Unless the City shall have exercised the Purchase Option and except as described in the following paragraph, if (i) all or any portion of the Leased Property is destroyed or damaged by fire or other casualty, or (ii) the title to or the temporary use of all or any portion of the Leased Property or the interest of the City or 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 or condemnation award to be deposited into the Project Fund to be 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 shall be transferred to the accounts in the Debt Service Fund in a pro-rata portion equal to the portion of each Series of Bonds then Outstanding, and used in accordance with Section 5001 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 interests of the City, then 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, and such net proceeds (i) shall be transferred to the accounts in the Debt Service Fund in a pro-rata portion equal to the portion of each Series of Bonds then Outstanding, 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 each Tax Compliance Agreement. Provided, however, that, if the proceeds of such insurance or condemnation award are insufficient to redeem all Outstanding Bonds, the prior written consent of the Credit Facility Provider shall be required for any partial redemption.

Insufficiency of Net Proceeds

If the net proceeds are insufficient to pay in full the cost of any repair, restoration, modification, or improvement of the Leased Property in accordance with the preceding Section, subject to appropriation of sufficient funds, the City shall complete the work and pay any cost in excess of the amount of the net proceeds, and the City agrees that if, by reason of any such insufficiency of the net proceeds, the City shall make any payments pursuant to the provisions described in this Section, the City shall not be entitled to any reimbursement therefor from the Corporation or any diminution of any amount payable under the Lease.

Event of Non-Appropriation

- (a) Except as described 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 the last day of any Fiscal Year of the City, 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 of such occurrence.

If an Event of Non-Appropriation shall occur, the City shall not be obligated to make payment of the Rentals or 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. The Trustee shall, 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 State law, as Trustee for the benefit of Bondholders and the Credit Facility Provider, and 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 each 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 and the Credit Facility Provider, as set forth in the Indenture, until the Bonds and the Credit Facility Provider are paid in full.

Upon the occurrence and continuance of any Event of Non-Appropriation, the Corporation may, subject to the prior written consent of the Credit Facility Provider, or shall, at the prior written direction of the Credit Facility Provider, in both cases so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement, 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, upon direction of the Credit Facility Provider, so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement, without any further demand or notice, (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.

Remedies Regarding City Defaults

Notwithstanding anything in the Lease to the contrary, with the consent of the Credit Facility Provider, so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement, the Trustee shall be entitled to sublease the Corporation's interest in the Leased Property to any entity, public or private, for such period as is necessary for the

Trustee to obtain sufficient monies to pay *in full* the principal of, redemption premium if any, and interest on the Bonds, and the obligations of the Trustee with respect to the Bondholders and the receipt and disbursement of funds shall be continuing until the lien of the Indenture *is* discharged as provided in 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 referred to 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, the Trustee, or the Credit Facility Provider, unless the Trustee and Credit Facility Provider 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, none of the Trustee, the Corporation, or the Credit Facility Provider will 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.
- (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.
- (f) An event of default (as defined in the Reimbursement Agreement between the City and the Credit Facility Provider with respect to the Series 2017B Reserve Policy) occurs.

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, the Trustee, and the Credit Facility Provider. 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 the preceding Section shall have happened and be continuing, the Trustee, or the Corporation upon the direction of the Trustee, with the prior consent of the Credit Facility Provider so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement, shall have the right, at its option and without any further demand or notice, to take, and shall take upon the prior written direction of the Credit Facility Provider so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement, any one or more of the following remedial steps:

- (a) By written notice to the City 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 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 foreclose on the Leasehold Deed of Trust, and if all Events of Default 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 or foreclosing on the Leasehold Deed of Trust, 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 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 of the Lease, 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 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 relating of the Leased Property after deducting all of the Corporation's reasonable expenses in or in connection with such relating, including without limitation all repossession costs, brokerage commissions, legal expenses, expenses of employees, alteration costs and expense of preparation for relating. Said net proceeds of any relating 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 or foreclosing on the Leasehold Deed of Trust, the Corporation may, with the prior written consent of the Credit Facility Provider (subject, however, to any restrictions in the Indenture against termination of the Lease), and shall at the written direction of the Credit Facility Provider, so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement, by notice to the City given at any time thereafter while the an Event of Default in the payment of Rentals or Additional Rentals or in the performance of any other obligation under the Lease has occurred and is continuing, elect to terminate the Lease on a date to be specified in such notice, which date shall be not earlier than 30 days after reentry under the preceding paragraph, and if all Events of Default 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 described in this Article the Corporation shall have the right to elect to reenter and take possession of the Leased Property the Corporation may, with the prior written consent of the Credit Facility Provider, and shall at the written direction of the Credit Facility Provider, so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement, 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.
- (f) Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, the Corporation may, at its option and with the prior written consent of the Credit Facility Provider, and shall at the written direction of the Credit Facility Provider, so long as the Credit Facility Provider has not failed to comply with its

payment obligations under the applicable Credit Enhancement, by notice in writing to the City and the Credit Facility Provider, terminate the City's right of possession under the Lease as to any one or more items of the Equipment, whereupon all right and interest of the City to or in the use of such items shall terminate, and the Corporation may, with the prior written consent of the Credit Facility Provider, and shall at the written direction of the Credit Facility Provider, so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement, cause the City, upon the written demand of the Corporation, at the City's expense, to promptly return any and all such items of the Equipment to the Corporation at a site designated by the Corporation and in good condition, and whether or not the Lease has been terminated, the Corporation may, at its option and with the prior written consent of the Credit Facility Provider, and shall at the written direction of the Credit Facility Provider, so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement, enter upon the premises where any such items of Equipment are located and take immediate possession and remove such items of the Equipment by summary proceedings or otherwise, or may with the prior written consent of the Credit Facility Provider, and shall at the prior written direction of the Credit Facility Provider, so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement, cause the City, at the City's expense, to store, maintain, surrender, and deliver possession of such items of the Equipment to the Corporation at the site specified by the Corporation or by the Credit Facility Provider, so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement, all without liability to the City for or by reason of such entry or taking of possession, whether for the restoration of damage to property caused by such taking or otherwise.

Limitations on Remedies

Notwithstanding any provision of the Lease to the contrary, 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 of the Credit Facility Provider

Notwithstanding anything to the contrary in the Lease no event shall constitute an Event of Default under the Lease until such event is declared by the Credit Facility Provider to be an Event of Default. In addition, the Trustee and the Corporation shall exercise their remedies and their rights to give waivers and rescind acts provided for in the Lease solely at the direction of the Credit Facility Provider and only if and as directed in writing by the Credit Facility Provider; and provided, further, that such direction shall not be otherwise than in accordance with the provisions of law and of the Lease, 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 such direction would materially prejudice the rights of the Bondholders. The Credit Facility Provider shall only be entitled to its rights under the Lease and the Indenture, including without limitation its rights of consent, so long as the Credit Facility Provider is not in payment default under the Credit Enhancement, and has not failed, has not ceased or is otherwise unable to act under, or has not wrongfully dishonored a claim against the Credit Enhancement.

References in the Lease to the Credit Facility Provider shall have no application when the Credit Facility is not in effect.

Amendments

Except as otherwise provided in the Lease or the Indenture, subsequent to the issuance of Bonds and prior to all of the Bonds being paid in accordance with the Indenture and provision being made for the payment of all sums payable under the Indenture in accordance with Article XIII thereof, the Lease may not be effectively amended, changed, modified, altered, or terminated without the concurring written consent of the Trustee, the Corporation, and the Credit Facility Provider, so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement, given in accordance with the provisions 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 the Corporation and the Trustee 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, (c) that to the extent that the payments of Rentals and Additional Rentals are not sufficient to provide the Corporation and the Trustee with 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 XIII of the Indenture and provision has been made for payment of all other sums payable under the Indenture in accordance with Article XIII 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.

Covenants for the Benefit of Credit Facility Provider

1. The Lessee (under the Lease) and the Lessor (under the Base Lease) shall not have the right to terminate those agreements for default by the respective counterparties.
2. The City shall pay or reimburse the Insurer, from Additional Rentals, any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Indenture, the Base Lease, the Lease, the Leasehold Deed of Trust or any other financing document related to the Bonds (each a "Related Document") or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to any Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of any Related Document.

3. The City may only contest taxes, assessments, utility and other such charges with respect to the Leased Property upon notice to the Insurer and must pay such taxes, assessments, utility and other charges if requested to do so by the Insurer.
4. (a) The Insurer shall be provided with the following information by the City provided, that the reporting requirements of this paragraph will be satisfied to the extent such information has been posted with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access repository:
 - (i) Annual audited financial statements within two hundred ten (210) days (if the 210th day is not a Business Day, then the next Business Day) after the end of the City's fiscal year (together with a certification of the City that it is not aware of any default or Event of Default under the Lease), and the City's annual budget within thirty (30) days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time;
 - (ii) Notice of a failure of the City to appropriate Rentals;
 - (iii) Notice of the commencement of any proceeding by or against the City commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");
 - (iv) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 2017B Bonds;
 - (v) All reports, notices and correspondence to be delivered to Insured Series 2017B Series 2017B Bondholders under the terms of the Related Documents; and
- (b) All information furnished pursuant to the continuing disclosure agreement entered into in connection with the Insured Series 2017B Series 2017B Bonds shall also be provided to the Insurer, simultaneously with the furnishing of such information.
- (c) The Insurer shall have the right to receive such additional information as it may reasonably request.
- (d) The City will permit the Insurer to discuss the affairs, finances and accounts of the City or any information the Insurer may reasonably request regarding the security for the Insured Series 2017B Bonds with appropriate officers of the City and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the City on any business day upon reasonable prior notice.
- (e) The Series 2017B Credit Facility Provider shall be included as a third party beneficiary to the Lease Purchase Agreement and the Deed of Trust.
- (f) The Lease Purchase Agreement shall not be amended, supplemented, modified or waived without the prior written consent of the 2017B Credit Facility Provider.

SUMMARY OF LEASEHOLD DEED OF TRUST

The following is a summary of certain provisions of the Leasehold Deed of Trust, Security Agreement, and Fixture Filing, dated as of June 1, 2008, by the Corporation for the benefit of the Trustee, as amended and supplemented by the First Supplemental Leasehold Deed of Trust, Security Agreement and Fixture Filing dated as of June 1, 2017 (collectively, and as may be further amended and supplemented, the "*Leasehold Deed of Trust*"). This summary does not purport to be complete or comprehensive, and this summary is qualified in its entirety by reference to the Leasehold Deed of Trust, a copy of which is available from the Corporation.

Granting Clauses

Pursuant to the Leasehold Deed of Trust, the Corporation, as security for the performance and payment of all covenants, sums, indebtedness, liabilities, and other obligations of the Corporation under the Indenture pursuant to which the Series 2008A Bonds, the Series 2017B Bonds and any Additional Bonds issued by the Corporation pursuant to the Indenture, if any, are issued, including any additional amounts which the Trustee or the individual mortgagee named therein (the "*Beneficiary*") may be permitted to advance now or hereafter to preserve and protect the lien and encumbrance of the Leasehold Deed of Trust or according to the terms of the Leasehold Deed of Trust, and any other amounts payable under the Leasehold Deed of Trust (collectively, the "*Indebtedness*"), grants unto the Trustee, in trust, forever, and grants a lien on and a security interest in, all of the Corporation's right to and interest in the following items to the Trustee and 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 (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 or any portion thereof. As used in the Leasehold Deed of Trust, the term "*Mortgaged Property*" shall mean all or, where the context permits or requires any portion of the above 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 any portion thereof, or create or permit or allow to exist or to be created any mortgage, deed of trust, pledge, or other lien or encumbrance on any portion of 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 any portion of the Leased Property or to remain outstanding against the same or any part thereof; 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 described 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 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.

Repairs

The Corporation will keep and maintain, or will cause the City to keep and maintain, the Leased Property and every part thereof in good order, repair, and condition at all times, without any liability of the 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 and every part thereof shall be fully preserved and maintained, and the Corporation will not cause or permit any waste on or of the Leased Property or any portion thereof or otherwise allow the Leased Property or any part thereof 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 or any portion thereof in good repair and operating condition, the 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.

Condemnation

In the event the Leased Property or any part thereof is taken through condemnation proceedings or by virtue of the exercise of the right of eminent domain or pursuant to governmental action, any and all amounts awarded in any such condemnation proceeding for the taking of the Leased Property, or any part thereof, 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 Leased Property or any portion thereof.

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 Leased Property, or any part thereof, 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 described 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 Leased Property, or any part thereof, or shall fail to keep and perform any of the covenants and conditions contained in the Leasehold Deed of Trust, the Trustee, the Credit Facility Provider, 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 Trustee, the Credit Facility Provider, or the Beneficiary to cure any Event of Default under the Leasehold Deed of Trust or protect the lien or the rights of the Trustee and the Beneficiary; any and all such sums of money advanced for such purposes by the Trustee, the Credit Facility Provider, 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; provided, however, nothing contained in the Leasehold Deed of Trust shall be construed as requiring the 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 Leased Property, or any part thereof, 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 Leased Property or any part thereof, or that have been granted to or contracted for by the Corporation in connection with any existing or presently contemplated use of the Leased Property or any part thereof. 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 Leased Property or any part thereof without the prior written consent of the Beneficiary.

Inspection of Property

The Corporation shall permit, and shall cause the City to permit, the Beneficiary, the Credit Facility Provider, and the Trustee and their representatives and agents to inspect the Leased Property and the Mortgaged Property, or any portion thereof, 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 Leased Property and every part thereof, and shall maintain all utility services now or hereafter available for use at the Leased Property and every part thereof.

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 Leased Property or any portion thereof 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 as the “Collateral.” The Leasehold Deed of Trust is to be filed for record in the real estate records where the Collateral is located. From the date of its recording, the Leasehold Deed of Trust constitutes a “security agreement” and a financing statement filed as a “fixture filing” for the purposes of the UCC against all of the Collateral which is or is to become fixtures relating

to the Leased Property. The information described in this section is provided so that the Leasehold Deed of Trust shall comply with the requirements of the UCC for a mortgage instrument to be effective as a financing statement filed as a fixture filing.

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 by the Leasehold Deed of Trust, 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 or any portion thereof 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 any portion thereof 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 contained in the Leasehold Deed of Trust or 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 often (10) days after the date of the mailing of a written notice addressed to the Corporation;

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 to be exercised upon the direction of the Credit Facility Provider, so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement, become and be due and payable immediately, anything in the Leasehold Deed of Trust to the contrary notwithstanding; (2) upon demand of the Trustee or the Beneficiary made upon the direction of the Credit Facility Provider, so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement, 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 Leased Property or any portion thereof 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 Leased Property and every part thereof, 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 to any portion of the Leased 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; (3) the Trustee, at the request of the Beneficiary made upon the direction of the Credit Facility Provider, so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement, shall proceed to sell either by himself or by agent or attorney, the Mortgaged Property or any part(s) thereof at public venue or outcry 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 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) so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement, then upon direction of the Credit Facility Provider, the Trustee and/or the

Beneficiary shall (or if the Credit Facility Provider has failed to comply with its payment obligations under the applicable Credit Enhancement, the 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 Trustee shall be entitled to a reasonable fee for his services and the 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 or any portion thereof, 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 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, the Leased Property, or any portion thereof.

Upon the foreclosure and/or sale of the Mortgaged Property, or any part thereof, 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 Trustee and reasonable attorneys' fees and expenses, outlays for documentary stamps, cost of procuring title insurance commitments, continuing abstracts, title searches, or examinations reasonably necessary or proper, next, to the payment of any and all advances made by the 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 provided in the Leasehold Deed of Trust; 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.

In addition to the other rights and remedies set forth in the Leasehold Deed of Trust, Beneficiary shall at its option, to be exercised upon the direction of the Credit Facility Provider so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement, and without notice or demand, be entitled to enter upon the Leased Property to take immediate possession of the portion of the Mortgaged Property constituting Personal Property Collateral. Beneficiary may and, so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement, then upon direction of the Credit Facility Provider, shall, sell all or any portion of 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 any or all of the portion 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.

Assignment of Leases

The Corporation assigns and transfers to the Beneficiary as additional security for the payment of the Indebtedness, all present and future leases (subleases) upon all or any part of the Leased Property and agrees to execute and deliver, at the request of the Beneficiary, all further assurances and assignments in the Leased Property as the Beneficiary shall from time to time require. In the event the Corporation, as such additional security, has sold, transferred, and assigned, or may hereafter sell, transfer, and assign, to the Beneficiary, its successors and assigns, any interest of the Corporation as lessor in any Sublease, the Corporation expressly covenants and agrees that if the Corporation, as lessor under

any such Sublease so assigned shall fail to perform and fulfill any term, covenant, condition, or provision in any such Sublease on its part to be performed or fulfilled, at the times and in the manner in any such Sublease provided, or if the Corporation shall suffer or permit to occur any breach or default under the provisions of any such assignment of any Sublease, then and in any such event, such breach or default shall constitute an Event of Default 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, upon demand of the Beneficiary to be made upon the direction of the Credit Facility Provider, so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement, the Corporation shall surrender to the Beneficiary, and the Beneficiary shall be entitled to take actual possession of the Leased Property or any part thereof personally, or by its agent or attorneys, as for condition broken. In such event, the Beneficiary in its discretion may, and, upon the direction of the Credit Facility Provider, so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement, shall with or without force and with or without process of law, enter upon and take and maintain possession of all or any part of the Leased Property, together with all documents, books, records, papers, and accounts of the Corporation or the then owner of the Leased Property relating thereto, and may, and, upon the direction of the Credit Facility Provider, so long as the Credit Facility Provider has not failed to comply with its payment obligations under the applicable Credit Enhancement, shall 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 granted, hold, operate, manage and control the Leased 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 Leased 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 Leased 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 Leased 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 granted at any and all times hereafter, without notice to the Corporation.

Application of Income Received by the Beneficiary

The Beneficiary, in the exercise of the rights and powers in the two Sections immediately 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 Leased 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 described; (ii) to the payment of taxes and special assessments now due or which may hereafter become due on the Leased Property; (iii) to the payment of all repairs, renewals, replacements, alterations, additions, betterments, and improvements on the Leased Property and the expense of placing the Leased 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.

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 City. 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 Leased Property or any portion thereof, 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.

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 or any portion thereof, but rather the fee title to the Leased Property and the Leasehold Estate shall always be separate and distinct as provided in Section (30) of the Leasehold Deed of Trust. 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 Assignment of Base Lease

Notwithstanding anything to the contrary contained in the Leasehold Deed of Trust, the Leasehold Deed of Trust shall not constitute an assignment of the Base Lease within the meaning of any provision thereof prohibiting its assignment, and the Beneficiary shall have no liability or obligation thereunder by reason of its acceptance of the Leasehold Deed of Trust. The Beneficiary shall be liable for the obligations of the Corporation as tenant arising under the Base Lease for only that period of time which the Beneficiary has acquired, by foreclosure or deed in lieu of foreclosure or otherwise, and is holding all of the Corporation's right and interest therein.

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 or any portion thereof with the fee estate in the Leased Property or in any portion thereof 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 or any portion thereof. In case the Corporation acquires the Leased Property or any portion thereof, 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.

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APPENDIX D

Book-Entry System

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BOOK-ENTRY SYSTEM

DTC will act as securities depository for the Series 2017 Bonds. The Series 2017 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. Initially, one fully-registered certificate will be issued for each Maturity of the Series 2017 Bonds, in the aggregate principal amount of each Maturity of the Series 2017 Bonds, and will be deposited with DTC.

So long as Cede & Co., as nominee of DTC, is the Registered Owner of the Series 2017 Bonds, the Beneficial Owners of the Series 2017 Bonds will not receive or have the right to receive physical delivery of the Series 2017 Bonds, and references herein to the Bondholders or Registered Owners of the Series 2017 Bonds mean the Cede & Co. or such other DTC nominee and not the Beneficial Owners of the Series 2017 Bonds.

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

Purchase of Ownership Interests. Purchases of Series 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2017 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 Series 2017 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 Series 2017 Bonds, except in the event that use of the Book-Entry System for the Series 2017 Bonds is discontinued.

Transfers. To facilitate subsequent transfers, all Series 2017 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 Series 2017 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 Series 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2017 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2017 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2017 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2017 Bond documents. For example, Beneficial Owners of Series 2017 Bonds may wish to ascertain that the nominee holding the Series 2017 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption. Redemption notices shall be sent to DTC. If less than all of the Series 2017 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Series 2017 Bonds to be redeemed.

Voting. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2017 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation, as issuer, as soon as possible after the record date. The Omnibus Proxy assigns the Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2017 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal and Interest. Payments of the principal of, premium, if any, and interest on the Series 2017 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 on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC (or its nominee), the Trustee, or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of the principal of, premium, if any, and interest on the Series 2017 Bonds 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, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

Discontinuation of Book-Entry System. DTC may discontinue providing its services as securities depository with respect to the Series 2017 Bonds at any time by giving notice to the Corporation or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2017 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, Series 2017 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and the Book-Entry System has been obtained from sources that the Corporation, the City, and the Underwriters believe to be reliable, but none of the Corporation, the City, or the Underwriters takes any responsibility for the accuracy of such information, and the DTC Participants and the Beneficial Owners should not rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

THE CORPORATION, THE CITY, THE UNDERWRITERS, AND THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY SUCH DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (II) THE PAYMENT BY ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2017 BONDS; (III) THE DELIVERY BY ANY SUCH DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO BONDHOLDERS; (IV) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2017 BONDS; OR (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

DURING THE PERIOD THAT THE NOMINEE IS THE REGISTERED OWNER OF THE SERIES 2017 BONDS, ANY REFERENCES IN THIS OFFICIAL STATEMENT TO NOTICES THAT ARE TO BE GIVEN TO OWNERS BY THE TRUSTEE WILL BE GIVEN ONLY TO CEDE & CO., OR SUCH OTHER NOMINEE AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC. DTC WILL BE EXPECTED TO FORWARD (OR CAUSE TO BE FORWARDED) THE NOTICE TO THE DIRECT PARTICIPANTS BY ITS USUAL PROCEDURES SO THAT SUCH DIRECT PARTICIPANTS MAY FORWARD (OR CAUSE TO BE FORWARDED) THE NOTICES TO THE INDIRECT PARTICIPANTS AND THE BENEFICIAL OWNERS. THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ASSURE THAT ANY SUCH NOTICE IS FORWARDED BY DTC TO THE DIRECT PARTICIPANTS OR BY THE DIRECT PARTICIPANTS TO THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS. ANY FAILURE BY DTC TO ADVISE ANY DIRECT PARTICIPANT, OR ANY FAILURE BY ANY DIRECT PARTICIPANT TO NOTIFY ANY INDIRECT PARTICIPANT, OR ANY FAILURE BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER OF ANY SUCH NOTICE AND ITS CONTENT OR EFFECT SHALL NOT AFFECT THE VALIDITY OF ANY ACTION PREMISED ON SUCH NOTICE.

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APPENDIX E

Form of Opinion of Co-Bond Counsel

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June 29, 2017

St. Louis Municipal Finance Corporation
St. Louis, Missouri

City of St. Louis, Missouri
St. Louis, Missouri

Stern Brothers & Co.
St. Louis, Missouri

UMB Bank, N.A.
St. Louis, Missouri

Assured Guaranty Municipal Corp.
New York, New York

*Re: \$19,535,000 St. Louis Municipal Finance Corporation Police Capital Improvements
Leasehold Refunding Revenue Bonds (City Of St. Louis, Missouri, Lessee) Series 2017A*

We have acted as Co-Bond Counsel in connection with the issuance by St. Louis Municipal Finance Corporation (the “Corporation”) of the above-referenced bonds (the “Series 2017A Bonds”) pursuant to a Resolution adopted by the Corporation on June 6, 2017 (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 (collectively the “Transaction Documents”):

1. Ordinance No. 70521 adopted by the Board of Aldermen on January 20, 2017, and approved by the Mayor of the City of St. Louis, Missouri (the “City”) on March 2, 2017;
2. Resolution of the Corporation authorizing, among other things, the issuance, sale and delivery of the Series 2017A Bonds;
3. Communications Property Base Lease dated as of December 1, 2007, as supplemented and amended from time to time, including by the Second Supplemental Communications Property Base Lease dated as of June 1, 2017, each between the City and the Corporation;
4. Premises Base Lease dated as of December 1, 2007, as supplemented and amended from time to time, including by the Second Supplemental Premises Base Lease dated as of June 1, 2017, each between the City and the Corporation;
5. Indenture of Trust dated as of December 1, 2007 (the “Indenture”), as supplemented and amended from time to time, including by the Third Supplemental Indenture of Trust dated as of June 1, 2017, each by and between the Corporation and UMB Bank, N.A., as Trustee (the “Trustee”);

6. Lease Purchase Agreement dated as of December 1, 2007, as supplemented and amended from time to time, including by the Third Supplemental Lease Purchase Agreement dated as of June 1, 2017 (the "Lease Purchase Agreement"), each by and between the Corporation and the City;
7. Deed of Trust and Security Agreement (the "Deed of Trust") dated as of December 1, 2007 as supplemented and amended from time to time, including by the Third Supplemental Deed of Trust and Security Agreement dated as of June 1, 2017, each by and among the Corporation, the Trustee and the Mortgage Trustee named therein;
8. Bond Purchase Agreement dated June 22, 2017, by and between the Corporation, the City and Stern Brothers & Co., as Representative of the Underwriters, as defined therein;
9. Tax Compliance Agreement (the "Tax Agreement") dated June 29, 2017, by and among the Corporation, the City and the Bond Trustee;
10. Continuing Disclosure Agreement dated as of June 1, 2017, by and between the City and the Bond Trustee;
11. Bond Insurance Policy;
12. Surety Bond, and
13. Official Statement (the "Official Statement") dated June 22, 2017 of the Corporation.

As to questions of fact material to this opinion, we have relied upon representations of the Corporation and the City, 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 bond insurance in connection with the Series 2017A Bonds are addressed in the opinion of the Vice President and Assistant General Counsel of Assured Guaranty Municipal Corp.; (ii) various issues with respect to the City in connection with the Series 2017A Bonds are addressed in the opinion of the City Counselor; and (iii) various issues with respect to the Corporation in connection with the Series 2017A 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 giving this opinion, we have relied upon such certificates with respect to the accuracy of factual matters contained therein which were not independently established.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Series 2017A Bonds have been duly authorized, executed and delivered by the Corporation and, when duly authenticated and delivered by the Bond Trustee, will be valid and binding limited 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 from the City under the Lease Purchase Agreement. Neither the Lease Purchase Agreement nor the Series 2017A Bonds constitute an indebtedness of the Corporation, the City or the State of Missouri 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 or the City

is pledged to the payment of the Rentals or any other payments under the Lease Purchase Agreement or to the payment of the Series 2017A Bonds.

2. The interest on the Series 2017A Bonds is excludable from gross income for federal and Missouri 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 certain corporations (as defined for federal income tax purposes), 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 Agreement, the Indenture and the Lease Purchase 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 2017A Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal and Missouri income tax purposes. Each of the parties to the Tax Agreement, the Indenture and the Lease Purchase Agreement has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause interest on the Series 2017A Bonds to be includable in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Series 2017A Bonds. We express no opinion as to whether the interest on the Series 2017A Bonds is exempt from the tax imposed on financial institutions pursuant to Chapter 148 of the Revised Statutes of Missouri, as amended. The Series 2017A Bonds have not been designated or deemed designated as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

Except as stated in paragraph 2 above, we express no opinion regarding any other federal or state tax consequences with respect to the Series 2017A Bonds.

It is to be understood that the rights of the owners of the Series 2017A Bonds and the enforceability of the Series 2017A Bonds and the Transaction Documents may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights 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 2017A Bonds, and we express no opinion relating thereto. We also express no opinion as to the title to or the description of the property subject to the Transaction Documents or any other documents delivered in connection therewith.

The opinions expressed herein are limited to the federal law of the United States and general corporate laws of the State of Missouri.

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.

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.

The opinions set forth above are based on existing law, and we do not undertake to advise you of any matters which may come to our attention subsequent to the date hereof and which may affect the legal opinions expressed herein.

Very truly yours,

June 29, 2017

St. Louis Municipal Finance Corporation
St. Louis, Missouri

City of St. Louis, Missouri
St. Louis, Missouri

Stern Brothers & Co.
St. Louis, Missouri

UMB Bank, N.A.
St. Louis, Missouri

Assured Guaranty Municipal Corp.
New York, New York

*Re: \$19,080,000 St. Louis Municipal Finance Corporation Juvenile Detention Center
Leasehold Refunding Revenue Bonds (City Of St. Louis, Missouri, Lessee) Series 2017B*

We have acted as Co-Bond Counsel in connection with the issuance by St. Louis Municipal Finance Corporation (the “Corporation”) of the above-referenced bonds (the “Series 2017B Bonds”) pursuant to a Resolution adopted by the Corporation on June 6, 2017 (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 (collectively the “Transaction Documents”):

1. Ordinance No. 70521 adopted by the Board of Aldermen on January 20, 2017, and approved by the Mayor of the City of St. Louis, Missouri (the “City”) on March 2, 2017;
2. Resolution of the Corporation authorizing, among other things, the issuance, sale and delivery of the Series 2017B Bonds;
3. Base Lease dated as of June 1, 2008, as supplemented and amended from time to time, including by the First Supplemental Base Lease dated as of June 1, 2017, each between the City and the Corporation;
4. Indenture of Trust dated as of June 1, 2008 (the “Indenture”), as supplemented and amended from time to time, including by the First Supplemental Indenture of Trust dated as of June 1, 2017, each by and between the Corporation and UMB Bank, N.A., as Trustee (the “Trustee”);
5. Lease Purchase Agreement dated as of June 1, 2008, as supplemented and amended from time to time, including by the First Supplemental Lease Purchase Agreement dated as of June 1, 2017 (the “Lease Purchase Agreement”), each by and between the Corporation and the City;

6. Leasehold Deed of Trust, Security Agreement and Fixture Filing (the “Deed of Trust”) dated as of June 1, 2008 as supplemented and amended from time to time, including by the First Supplemental Leasehold Deed of Trust, Security Agreement and Fixture Filing dated as of June 1, 2017, each by and among the Corporation, the Trustee and the Mortgage Trustee named therein;
7. Bond Purchase Agreement dated June 22, 2017, by and between the Corporation, the City and Stern Brothers & Co., as Representative of the Underwriters, as defined therein;
8. Tax Compliance Agreement (the “Tax Agreement”) dated June 29, 2017, by and among the Corporation, the City and the Bond Trustee;
9. Continuing Disclosure Agreement dated as of June 1, 2017, by and between the City and the Bond Trustee;
10. Bond Insurance Policy;
11. Surety Bond, and
12. Official Statement (the “Official Statement”) dated June 22, 2017 of the Corporation.

As to questions of fact material to this opinion, we have relied upon representations of the Corporation and the City, 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 bond insurance in connection with the Series 2017B Bonds are addressed in the opinion of the Vice President and Assistant General Counsel of Assured Guaranty Municipal Corp.; (ii) various issues with respect to the City in connection with the Series 2017B Bonds are addressed in the opinion of the City Counselor; and (iii) various issues with respect to the Corporation in connection with the Series 2017B 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 giving this opinion, we have relied upon such certificates with respect to the accuracy of factual matters contained therein which were not independently established.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Series 2017B Bonds have been duly authorized, executed and delivered by the Corporation and, when duly authenticated and delivered by the Bond Trustee, will be valid and binding limited 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 from the City under the Lease Purchase Agreement. Neither the Lease Purchase Agreement nor the Series 2017B Bonds constitute an indebtedness of the Corporation, the City or the State of Missouri 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 or the City is pledged to the payment of the Rentals or any other payments under the Lease Purchase Agreement or to the payment of the Series 2017B Bonds.

2. The interest on the Series 2017B Bonds is excludable from gross income for federal and Missouri 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 certain corporations (as defined for federal income tax purposes), 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 Agreement, the Indenture and the Lease Purchase 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 2017B Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal and Missouri income tax purposes. Each of the parties to the Tax Agreement, the Indenture and the Lease Purchase Agreement has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause interest on the Series 2017B Bonds to be includable in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Series 2017B Bonds. We express no opinion as to whether the interest on the Series 2017B Bonds is exempt from the tax imposed on financial institutions pursuant to Chapter 148 of the Revised Statutes of Missouri, as amended. The Series 2017B Bonds have not been designated or deemed designated as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

Except as stated in paragraph 2 above, we express no opinion regarding any other federal or state tax consequences with respect to the Series 2017B Bonds.

It is to be understood that the rights of the owners of the Series 2017B Bonds and the enforceability of the Series 2017B Bonds and the Transaction Documents may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights 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 2017B Bonds, and we express no opinion relating thereto. We also express no opinion as to the title to or the description of the property subject to the Transaction Documents or any other documents delivered in connection therewith.

The opinions expressed herein are limited to the federal law of the United States and general corporate laws of the State of Missouri.

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.

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.

The opinions set forth above are based on existing law, and we do not undertake to advise you of any matters which may come to our attention subsequent to the date hereof and which may affect the legal opinions expressed herein.

Very truly yours,

APPENDIX F

CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

Dated as of June 1, 2017

between

THE CITY OF ST. LOUIS, MISSOURI

and

**UMB BANK, N.A.,
as Dissemination Agent**

ST. LOUIS MUNICIPAL FINANCE CORPORATION

**\$19,535,000
Police Capital Improvement Sales Tax
Leasehold Refunding Revenue Bonds
(City of St. Louis, Missouri, Lessee)
Series 2017A**

and

**\$19,080,000
Juvenile Detention Center
Leasehold Refunding Revenue Bonds
(City of St. Louis, Missouri, Lessee)
Series 2017B**

CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT, dated as of June 1, 2017 (this “*Continuing Disclosure Agreement*”), is executed and delivered by The City of St. Louis, Missouri (the “*City*”) and UMB Bank, N.A., as dissemination agent (the “*Dissemination Agent*”). Capitalized terms used but not defined herein shall have the meanings given to such terms in the Official Statement (defined below).

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 \$19,535,000 Police Capital Improvement Sales Tax Leasehold Refunding Revenue Bonds (City of St. Louis, Missouri, Lessee) Series 2017A (the “*Series 2017A Bonds*”), and its \$19,080,000 Juvenile Detention Center Leasehold Refunding Revenue Bonds (City of St. Louis, Missouri, Lessee) Series 2017B (the “*Series 2017B Bonds*,” and together with the Series 2017A Bonds, the “*Series 2017 Bonds*”). Capitalized terms used but not defined herein shall have the meanings given to such terms in the Official Statement (defined below).

2. The Series 2017 Bonds are issued under the authority of the State of Missouri (the “*State*”), Ordinance No. 70521, adopted by the Board of Aldermen of the City on January 20, 2017, and approved by the Mayor on March 2, 2017 (the “**Ordinance**”); and a resolution of the Board of Directors of the Corporation adopted on June 6, 2017 (the “*Corporation Resolution*”).

3. The City and the Dissemination Agent are entering into this Continuing Disclosure Agreement for the benefit of the Beneficial Owners of the Series 2017 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 22, 2017, relating to the issuance and sale of the Series 2017 Bonds.

“*Participating Underwriter*” means any of the original underwriter(s) of the Series 2017 Bonds required to comply with the Rule in connection with the offering of the Series 2017 Bonds.

“*Repository*” means each National Repository and each State Repository, if any.

“*Rule*” means Rule 15c2-12 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, 2017, 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, 2017, 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 will 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 Appendix A to the Official Statement under the captioned headings:

- (a) "FINANCIAL MANAGEMENT AND EXPENDITURE CONTROLS – General Revenue Fund" and "– General Revenue Fund Expenditures – Table I Statement of Revenues, Expenditures and Changes in Fund Balances – Accrual Basis – Year ended June 30" and "–Table II Statement of Revenues, Expenditures and Changes in Fund Balances – Cash Basis – Year ended June 30";
- (b) "GENERAL REVENUE RECEIPTS – General Revenue Fund Receipts by Category," "– Earnings Tax," "– Franchise Tax," "– Sales and Use Tax," "– Gross Receipts Tax," "– Motor Vehicle Sales Tax," "– Payroll Taxes," "– Other Taxes," "– License Fees," "– Departmental Receipts" and "– Operating Transfers";
- (c) "INSURANCE"; and

(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 Series 2017 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 Series 2017 Bonds, or other material events affecting the tax status of the Series 2017 Bonds;
8. unscheduled draws on debt service reserves reflecting financial difficulties;
9. unscheduled draws on credit enhancements reflecting financial difficulties;
10. substitution of credit or liquidity providers, or their failure to perform;
11. release, substitution or sale of property securing repayment of the Series 2017 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. The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any Listed Event, contact the City, inform the Disclosure Representative of the event, and, if such Listed Event requires a determination of materiality, request that the City promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to Subsection F below. For the purpose of this Continuing Disclosure Agreement, “actual knowledge” of the Listed Events shall mean knowledge by an officer of the Dissemination Agent with responsibility for matters related to this Continuing Disclosure Agreement.

C. Whenever the City obtains knowledge of the occurrence of a Listed Event requiring a determination of materiality, as set forth in Subsection A above, because of a notice from the Dissemination Agent pursuant to Subsection B above or otherwise, the City shall as soon as possible determine if such event is a Material Listed Event.

D. If knowledge of the occurrence of a Listed Event requiring a determination of materiality would be material under applicable federal securities laws, the City shall promptly notify the Dissemination Agent in writing 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.

E. If in response to a request under Subsection B above, the City determines that the Listed Event requiring a determination of materiality is not a Material Listed Event, the City shall so

notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to Subsection F below.

F. The Dissemination Agent shall file a notice of all Listed Events within the timeframe set forth in Subsection A above with the National 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, with respect to the Series 2017A Bonds, upon the legal defeasance, prior redemption or payment in full of all the Series 2017A Bonds and, with respect to the Series 2017B Bonds, upon the legal defeasance, prior redemption or payment in full of all the Series 2017B 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 Series 2017A Bonds and/or Series 2017B 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 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 Series 2017 Bonds.

Section 7. Dissemination Agent. The City may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent. If at any time there is not any other designated dissemination agent, the City shall be the dissemination agent. The initial dissemination agent shall be UMB Bank, N.A.

Section 8. 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 9. 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 Series 2017 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 Series 2017 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 Series 2017 Bonds, does not materially impair the interests of the Bondholders or Beneficial Owners of the Series 2017 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 10. Default.

In the event of a failure of the City or the Dissemination Agent to comply with any provision of this Continuing Disclosure Agreement, any Bondholder or Beneficial Owner 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 Series 2017 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 11. 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 obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2017 Bonds. The City shall pay the fees, charges, and expenses of the Dissemination Agent in connection with its administration of this Continuing Disclosure Agreement.

Section 12. 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

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

To the Dissemination Agent: UMB Bank, N.A.
2 South Broadway, Suite 600
St. Louis, Missouri 63102
Attention: Corporate Trust Department
Telephone: (314) 612-8480
Facsimile: (314) 612-8499

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 13. Beneficiaries. This Continuing Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriters, and the Bondholders and the Beneficial Owners from time to time of the Series 2017 Bonds, and shall create no rights in any other person or entity.

Section 14. 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 15. 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 16. 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 17. 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 18. 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: _____
Lyda Krewson, Mayor

By: _____
Darlene Green, Comptroller

[SEAL]

ATTEST

By: _____
Parrie L. May, Register

APPROVED AS TO FORM:

By: _____
Julian L. Bush, City Counselor

[Continuing Disclosure Agreement]

IN WITNESS WHEREOF, UMB Bank, N.A., 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.

UMB BANK, N.A., as Dissemination Agent

By: _____
Brian P. Krippner, Senior Vice President

[Continuing Disclosure Agreement]

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: St. Louis Municipal Finance Corporation (the "Corporation")

Name of Obligor: City

Name of Bond Issue: \$19,535,000 Police Capital Improvement Sales Tax Leasehold
Refunding Revenue Bonds (City of St. Louis, Missouri, Lessee)
Series 2017A

\$19,080,000 Juvenile Detention Center Leasehold Refunding
Revenue Bonds (City of St. Louis, Missouri, Lessee) Series 2017B

Date of Issuance: June 29, 2017

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, 2017, between the City and UMB Bank, N.A., as Dissemination Agent. The City has notified the Dissemination Agent that it anticipates that the Annual Report will be filed by the following date:
_____.

Dated: _____, ____

UMB Bank, N.A., as Dissemination Agent
on behalf of The City of St. Louis, Missouri

cc: The City of St. Louis, Missouri

APPENDIX G

Specimen Bond Insurance Policy

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)

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