

**NEW ISSUE - BANK QUALIFIED
BOOK-ENTRY ONLY**

MOODY'S RATING: Aa2
See "RATING" herein.

In the opinion of Gilmore & Bell, P.C., Special Tax Counsel to the College, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (1) the Interest Portion of Basic Rent paid by the College under the Lease and distributed to the Owners of the Series 2017 Certificates is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, (2) the Interest Portion of Basic Rent paid by the College under the Lease and distributed to the Owners of the Series 2017 Certificates is exempt from Missouri income taxation by the State of Missouri, and (3) the College's obligation to pay Basic Rent under the Lease is a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code. See "TAX MATTERS" herein.



\$5,015,000
CERTIFICATES OF PARTICIPATION
(ST. CHARLES COMMUNITY COLLEGE, LESSEE)
SERIES 2017

Dated: Date of Delivery

Due: As shown on inside cover page

The Series 2017 Certificates, representing undivided, proportionate interests in Basic Rent to be paid by St. Charles Community College (the "**College**"), are being delivered pursuant to a Declaration of Trust dated as of March 1, 2017 (the "**Declaration of Trust**"), executed by UMB Bank, N.A., as trustee (the "**Trustee**"). Basic Rent is payable by the College under an annually-renewable Lease Purchase Agreement dated as of March 1, 2017 (the "**Lease**") between the College and the Trustee.

The Series 2017 Certificates will be delivered in fully-registered form in the denomination of \$5,000 or any integral multiple thereof. Principal and interest distributable with respect to the Series 2017 Certificates are payable by the Trustee. Principal will be payable annually on March 1, as shown on the inside cover. Interest will be payable semiannually on March 1 and September 1, beginning on September 1, 2017, by check, draft or electronic transfer as described herein.

The Series 2017 Certificates will be payable solely from Basic Rent under the Lease and certain money held by the Trustee under the Declaration of Trust. The College's obligations to pay Basic Rent and other obligations of the College under the Lease are subject to and dependent on annual appropriations being made by the College for such purpose. See the caption "**SECURITY FOR THE CERTIFICATES**" herein. The College has agreed to pay the total Basic Rent due under the Lease for each fiscal year, but only if the College's Board of Trustees annually appropriates sufficient money specifically designated to pay the Basic Rent coming due during each succeeding fiscal year. **The obligation to make payments will not create a general obligation or other indebtedness of the College within the meaning of any constitutional or statutory debt limitation or restriction. The delivery of the Series 2017 Certificates will not obligate the College to levy any form of taxation therefor or to make any appropriation for their payment in any year subsequent to a year in which the Lease is in effect.**

The Series 2017 Certificates are subject to prepayment prior to their stated payment dates under certain conditions. See the caption "**THE SERIES 2017 CERTIFICATES — Prepayment Provisions**" herein.

The Series 2017 Certificates are subject to certain risks. See "**RISK FACTORS AND INVESTMENT CONSIDERATIONS**" herein.

The Series 2017 Certificates are offered when, as and if delivered and received by the Underwriter, subject to the approval of legality by Gilmore & Bell, P.C., St. Louis, Missouri, Special Tax Counsel to the College, and certain other conditions. Certain legal matters related to this Official Statement will also be passed upon by Gilmore & Bell, P.C. Certain legal matters will be passed upon for the College by Tueth Keeney Cooper Mohan Jackstadt P.C., St. Louis, Missouri. Piper Jaffray & Co., St. Louis, Missouri, serves as Financial Advisor to the College. It is expected that the Series 2017 Certificates will be available for delivery through The Depository Trust Company in New York, New York, on or about March 1, 2017.

Baird

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

\$5,015,000
CERTIFICATES OF PARTICIPATION
(ST. CHARLES COMMUNITY COLLEGE, LESSEE)
SERIES 2017

MATURITY SCHEDULE
Base CUSIP: 787860

Serial Certificates

<u>Payment Date</u> <u>(March 1)</u>	<u>Principal</u> <u>Portion</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>CUSIP</u>
2018	\$185,000	3.000%	101.985%	AA3
2019	190,000	3.000	103.546	AB1
2020	200,000	3.000	104.684	AC9
2021	205,000	3.000	105.403	AD7
2022	210,000	3.000	105.713	AE5
2023	215,000	3.000	105.627	AF2
2024	220,000	3.000	106.165	AG0
2025	230,000	3.000	106.216	AH8
2026	235,000	3.000	105.462	AJ4
2027	245,000	3.000	104.715	AK1
2028	250,000	3.000	103.973	AL9
2029	260,000	3.000	103.237	AM7
2030	265,000	3.000	102.145	AN5
2031	275,000	3.000	101.424	AP0
2032	280,000	3.250	102.482	AQ8

Term Certificates

<u>Payment Date</u> <u>(March 1)</u>	<u>Principal</u> <u>Portion</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>CUSIP</u>
2034	\$590,000	3.250%	100.702%	AS4
2037	960,000	3.500	101.045	AV7

ST. CHARLES COMMUNITY COLLEGE

4601 Mid Rivers Mall Drive
Cottleville, Missouri 63376
(636) 922-8000

BOARD OF TRUSTEES

Jean Ehlmann, President and Member
William Pundmann, Vice President and Member
Shirley Lohmar, Treasurer and Member
Pamela Cilek, Secretary and Member
Rose Mack, Member
Mary Schnare Stodden, Member

COLLEGE ADMINISTRATION

Barbara R. Kavalier, Ph.D., President
Todd Galbierz, Vice President of Administrative Services

COLLEGE'S COUNSEL

Tueth Keeney Cooper Mohan Jackstadt P.C.
St. Louis, Missouri

CERTIFIED PUBLIC ACCOUNTANTS

Botz, Deal & Company, P.C.
St. Charles, Missouri

FINANCIAL ADVISOR

Piper Jaffray & Co.
St. Louis, Missouri

SPECIAL TAX COUNSEL

Gilmore & Bell, P.C.
St. Louis, Missouri

TRUSTEE

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2017 CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2017 CERTIFICATES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE DECLARATION OF TRUST BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

No dealer, broker, salesperson or other person has been authorized by the College, the Financial Advisor or the Underwriter to give any information or to make any representation with respect to the Series 2017 Certificates offered hereby other than those contained in this Official Statement, and, if given or made, such other information or representations must 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 may there be any sale of the Series 2017 Certificates offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the College and from other sources believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the College's affairs since the date hereof.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COLLEGE AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

**CAUTIONARY STATEMENTS REGARDING FORWARD-
LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT**

Certain statements included or incorporated by reference in this Official Statement constitute “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 United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “anticipate,” “projected,” “budget” 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. THESE FUTURE RISKS AND UNCERTAINTIES INCLUDE THOSE DISCUSSED IN THIS OFFICIAL STATEMENT UNDER THE CAPTION “RISK FACTORS AND INVESTMENT CONSIDERATIONS.” NEITHER THE COLLEGE NOR ANY OTHER PARTY PLANS TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN THEIR EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES UPON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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 COLLEGE ON THE DATE HEREOF, AND THE COLLEGE ASSUMES NO OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR FAIL TO OCCUR, OTHER THAN AS INDICATED UNDER THE CAPTION “SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENT” IN APPENDIX C.

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OFFICIAL STATEMENT
\$5,015,000
CERTIFICATES OF PARTICIPATION
(ST. CHARLES COMMUNITY COLLEGE, LESSEE)
SERIES 2017

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 and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement.

General

The purpose of this Official Statement is to furnish information in connection with the execution and delivery of Certificates of Participation (St. Charles Community College, Lessee), Series 2017, in the aggregate principal amount of \$5,015,000 (the **“Series 2017 Certificates”**). The Series 2017 Certificates represent undivided interests in Basic Rent to be paid by St. Charles Community College (the **“College”**) pursuant to an annually-renewable Lease Purchase Agreement dated as of March 1, 2017 (the **“Lease”**), between UMB Bank, N.A., St. Louis, Missouri (the **“Trustee”**), as lessor, and the College, as lessee. The Trustee has agreed to execute and deliver the Series 2017 Certificates pursuant to a Declaration of Trust dated as of March 1, 2017 (the **“Declaration of Trust”**). The Basic Rent constitutes rent for use of the Leased Property (as defined herein) pursuant to the Lease.

The College

The College was established as a junior college district following an election on April 1, 1986, and is currently the fourth largest community college district in the State of Missouri. The College offers a wide variety of transfer opportunities, associate degrees and certificate programs in the arts, business, sciences and career-technical fields. The College is located in east central Missouri approximately 30 miles west of the City of St. Louis and covers approximately 525 square miles in St. Charles County, Missouri (the **“County”**). The College shares the boundaries of the County except for 26 square miles along its most southwestern border in a rural portion of the County adjacent to Franklin County, Missouri. The County is part of a Standard Metropolitan Statistical Area, which is comprised of the City of St. Louis, St. Louis County, the County, Jefferson County, Franklin County, Warren County, Washington County and Lincoln County in Missouri and Monroe County, St. Clair County, Clinton County, Madison County, Macoupin County, Bond County, Calhoun County and Jersey County in Illinois. See **Appendix A** hereto for a further description of the College.

Plan of Financing

Proceeds from the sale of the Series 2017 Certificates will be used to pay the costs of (1) acquiring a two-story, approximately 69,692 square-foot building and improving and furnishing the building to accommodate an expansion of the College’s Nursing & Allied Health programs currently operating in the building (the **“Project”**), as more fully described under the caption **“PLAN OF FINANCING – The Project,”** and (2) executing and delivering the Series 2017 Certificates.

Simultaneously with the delivery of the Series 2017 Certificates, pursuant to a Base Lease dated as of March 1, 2017 (the **“Base Lease”**), the College will lease the building and the approximately 28-acre parcel on which it is located (collectively, the **“Leased Property”**) to the Trustee. See the caption **“PLAN OF FINANCING – The Leased Property”** herein.

The Trustee, as lessor under the Lease, will lease the Leased Property back to the College for an initial term ending June 30, 2017, with 20 successive one-year renewal options (the **“Renewal Terms”**), with a final Renewal Term beginning July 1, 2036 and ending March 2, 2037. Each Renewal Term is subject to annual appropriation by the College’s Board of Trustees.

The College intends to satisfy its obligation to pay Basic Rent under the Lease from tuition and student fees generated from classes offered at the Leased Property and from general unrestricted operating revenues. **SUCH REVENUES ARE NOT PLEDGED AS SECURITY FOR THE PAYMENT OF THE CERTIFICATES AND THERE CAN BE NO ASSURANCE THAT THE COLLEGE WILL APPROPRIATE FUNDS FOR PAYMENT OF THE CERTIFICATES.**

Limited Obligations

Under the Lease, the College has agreed to pay rental payments (the **“Basic Rent”**), consisting of a principal portion (the **“Principal Portion”**) and an interest portion (the **“Interest Portion”**), but only if and to the extent that the Board of Trustees of the College annually appropriates sufficient money to pay the Basic Rent coming due during each succeeding Renewal Term. The Series 2017 Certificates represent undivided, proportionate interests in the Basic Rent.

Neither the Series 2017 Certificates, the Lease nor any payments required under the Lease will constitute (a) a mandatory payment obligation of the College in any year beyond the year during which the College is a lessee under the Lease, or (b) give rise to a general obligation or other indebtedness of the College. The College is not legally obligated to budget or appropriate money for any fiscal year beyond the current fiscal year or any subsequent fiscal year in which the Lease is in effect, and there can be no assurance that the College will appropriate funds to make Basic Rent or renew the Lease after the Initial Term or any Renewal Term. The College may terminate its obligations under the Lease on an annual basis. The College will have the option to purchase the Trustee’s interest in the Leased Property at the times and upon the conditions described under the caption **“DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF LEGAL DOCUMENTS — SUMMARY OF THE LEASE – Option to Purchase the Trustee’s Interest in the Leased Property”** in *Appendix C* hereto.

Risk Factors

Payment of the Principal Portions and Interest Portions represented by the Series 2017 Certificates is subject to certain risks. See the caption **“RISK FACTORS AND INVESTMENT CONSIDERATIONS.”**

Parity Obligations

The Series 2017 Certificates will be secured on a parity basis with each other. The Declaration of Trust provides for the future delivery of Additional Certificates which, if delivered, would be secured on a parity with the Series 2017 Certificates and any other Additional Certificates then Outstanding under the Declaration of Trust. The Series 2017 Certificates, together with any Additional Certificates, are collectively referred to herein as the “Certificates.” See **“SUMMARY OF THE DECLARATION OF TRUST - Additional Certificates”** in *Appendix C* hereto.

Continuing Disclosure Information

The College has covenanted in an Omnibus Continuing Disclosure Agreement dated as of October 1, 2016 (the **“Continuing Disclosure Agreement”**) to provide certain financial information and operating data relating to the College and to provide notices of the occurrence of certain enumerated events relating to the Bonds. The financial information, operating data and notices of events will be filed by the College in compliance with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the **“Rule”**). The College will enter into an Adoption Agreement dated as of March 1, 2017 to make the

Continuing Disclosure Agreement applicable to the Certificates. A summary of the Continuing Disclosure Agreement is included in *Appendix C* hereto.

The College believes that in the past five years it has complied in all material respects with its prior undertakings under the Rule, except that the College failed to file certain operating data as required by its prior undertakings for fiscal years 2011 and 2012.

Definitions and Descriptions; Inspection of Documents

All capitalized terms used in this Official Statement not defined in the text hereof are defined under the caption **“DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF LEGAL DOCUMENTS — Definitions of Words and Terms”** set forth in *Appendix C* hereto. Brief descriptions of the Series 2017 Certificates, the Base Lease, the Lease, the Declaration of Trust and the Continuing Disclosure Agreement and certain other matters are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Base Lease, the Lease, the Declaration of Trust and the Continuing Disclosure Agreement are qualified in their entirety by reference to such documents, copies of which may be viewed at the offices of Piper Jaffray & Co., 8235 Forsyth Boulevard, Suite 600, Clayton, Missouri 63105, or will be provided to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request. All references to the Series 2017 Certificates are qualified in their entirety by the definitive terms thereof and the information with respect thereto included in the Base Lease, the Lease and the Declaration of Trust.

PLAN OF FINANCING

The Project

Since 2013, the College has leased approximately 26,000 square feet of space for its Nursing & Allied Health programs from Lindenwood University. When Lindenwood University decided to sell the property, the College saw an opportunity to expand its Nursing & Allied Health programs by increasing available classroom space, increasing the number of virtual hospital bays, and adding a lab that will accommodate 100 computers. The College is paying \$9,450,000 to acquire the Leased Property and will spend approximately \$550,000 to improve and equip the facility. The College expects to complete the Project by September 2017.

The Leased Property

The Leased Property includes approximately 28 acres of land adjacent to Interstate 64 in Dardenne Prairie, Missouri; it is a highly-visible site along one of the region’s major highways. The two-story, approximately 69,692 square-foot facility was constructed in 2008 to accommodate a private high school. It includes a 350-space parking lot, an approximately 11,947 square-foot detached gymnasium and athletic fields. Lindenwood University acquired the property in 2012.

On January 10, 2017, the Westover Group submitted an appraisal of the Leased Property to the College. In the opinion of the Westover Group, the value of the Leased Property was \$9,750,000 as of the date of the appraisal.

Sources and Uses of Funds

The following table itemizes the estimated sources of funds, including the proceeds from the execution and delivery of the Series 2017 Certificates and how such funds are expected to be used:

Sources of Funds:

Principal Amount of the Series 2017 Certificates	\$5,015,000.00
Plus: Original Issue Premium	<u>156,268.75</u>
Total	<u>\$5,171,268.75</u>

Uses of Funds:

Deposit to Project Fund	\$5,000,000.00
Costs of Delivery ⁽¹⁾	<u>171,268.75</u>
Total	<u>\$5,171,268.75</u>

⁽¹⁾ Includes the underwriting discount.

THE SERIES 2017 CERTIFICATES

Description

The Series 2017 Certificates are dated the date of delivery and payment thereof, and the Principal Portion of Basic Rent represented by each Series 2017 Certificate will bear interest at specified rates as set forth on the inside cover page hereof. The Interest Portion of Basic Rent represented by the Series 2017 Certificates will be payable semiannually on March 1 and September 1 of each year (the “**Basic Rent Payment Dates**”) beginning on September 1, 2017. The Principal Portion of Basic Rent represented by the Series 2017 Certificates is payable on March 1 of the years and in the principal amounts set forth on the inside cover page of this Official Statement.

The Interest Portion represented by the Series 2017 Certificates is payable by (a) check or draft mailed by the Trustee to the address of the Owners shown on the registration books for the Series 2017 Certificates (the “**Register**”), or (b) electronic transfer to a Registered Owner upon written notice given to the Trustee by such Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the name of the bank, the ABA routing number, the account name and number to which such Owner wishes to have such transfer directed and an acknowledgement that an electronic transfer fee may be applicable. The Principal Portion of Basic Rent and prepayment premium, if any, represented by the Series 2017 Certificates is payable upon presentation and surrender thereof at the corporate trust office of the Trustee in St. Louis, Missouri or at such other office as is designated by the Trustee.

Book-Entry Only System

General. The Series 2017 Certificates are available in book-entry only form. Purchasers of the Series 2017 Certificates will not receive certificated securities representing their interests in the Series 2017 Certificates. Ownership interests in the Series 2017 Certificates will be available to purchasers only through a book-entry system (the “**Book-Entry System**”) maintained by The Depository Trust Company (“**DTC**”), New York, New York.

The following information concerning DTC and DTC’s book-entry system has been obtained from DTC. The College takes no responsibility as to the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the Direct Participants, as the

case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

DTC will act as securities depository for the Series 2017 Certificates. The Series 2017 Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2017 Certificate will be issued for each maturity of the Series 2017 Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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.

Purchases of Ownership Interests. Purchases of the Series 2017 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017 Certificates on DTC's records. The ownership interest of each actual purchaser of each Series 2017 Certificate ("**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 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2017 Certificates, except in the event that use of the book-entry system for the Series 2017 Certificates is discontinued.

Transfers. To facilitate subsequent transfers, all Series 2017 Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2017 Certificates 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 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates 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 the Series 2017 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2017 Certificates, such as prepayments, tenders, defaults, and proposed amendments to the Series 2017 Certificate documents. For example, Beneficial Owners of the Series 2017 Certificates may wish to ascertain that the nominee holding the Series 2017 Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Prepayment notices will be sent to DTC. If less than all of the Series 2017 Certificates within maturity are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be prepaid.

Voting. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2017 Certificates unless authorized by a Direct Participant in accordance with DTC's Money Market Instrument Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the College as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2017 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal, Prepayment Price and Interest. Prepayment proceeds, distributions, and dividend payments on the Series 2017 Certificates 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 College or the Trustee, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the College, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of prepayment proceeds, distributions, and dividends to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the College or the Trustee. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Discontinuation of Book-Entry System. DTC may discontinue providing its services as depository with respect to the Series 2017 Certificates at any time by giving reasonable notice to the College and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Series 2017 Certificates are required to be printed and delivered. The Participants holding a majority position in the Outstanding Series 2017 Certificates may decide to discontinue use of the system of book-entry transfer through DTC (or a successor securities depository). In that event, the Series 2017 Certificates will be printed and delivered.

Transfer Outside Book-Entry Only System

If the book-entry only system is discontinued the following provisions would apply. Any Series 2017 Certificate may be transferred upon the books required to be kept by the Registrar under the Declaration of Trust, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series 2017 Certificate for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee. The Trustee may also require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. If any Owner fails to provide a correct taxpayer identification number to the Trustee, the Trustee may impose a charge against such Owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Internal Revenue Code, such amount may be

deducted by the Trustee from amounts otherwise payable to such Owner under the Declaration of Trust or under the Series 2017 Certificates.

Prepayment Provisions

Optional Prepayment. The Series 2017 Certificates maturing on March 1, 2026 and thereafter are subject to optional prepayment, as a whole or in part at any time, on or after March 1, 2025, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Series 2017 Certificates being prepaid, plus the interest to accrue on such Principal Portion of Basic Rent to the Prepayment Date, from amounts paid by the College upon the exercise of its option to purchase the Trustee's interest in the Leased Property or partially prepay Basic Rent Payments pursuant to the terms of the Lease.

Mandatory Prepayment. The Series 2017 Certificates maturing on March 1, 2034 and March 1, 2037 (collectively, the "**Term Certificates**") are subject to mandatory prepayment in part prior to their stated payment date on each March 1 at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented thereby plus the Interest Portion of Basic Rent accrued thereon to the payment date, without premium. The Trustee shall prepay on each March 1 the following amounts of the Principal Portion of Basic Rent represented by such Term Certificates:

Term Certificates Maturing March 1, 2034

<u>Prepayment Date</u>	<u>Principal Portion</u>
2033	\$290,000
2034 ⁺	300,000

⁺Final Maturity

Term Certificates Maturing March 1, 2037

<u>Prepayment Date</u>	<u>Principal Portion</u>
2035	\$310,000
2036	320,000
2037 ⁺	330,000

⁺Final Maturity

At its option, to be exercised on or before the 45th day next preceding any mandatory Prepayment Date, the College may (1) deliver to the Trustee for cancellation Term Certificates in any aggregate principal amount desired, (2) furnish the Trustee funds, together with appropriate instructions, for the purpose of purchasing any of said Certificates from any Owner thereof, whereupon the Trustee shall expend such funds for such purpose to such extent as may be practical or (3) receive a credit with respect to the mandatory prepayment obligation of the Trustee under this subsection for any Term Certificate which prior to such date has been prepaid (other than through the operation of the requirements of this subsection) and cancelled by the Trustee and not theretofore applied as a credit against any prepayment obligation under this subsection. Each Term Certificate so delivered or previously purchased or prepaid shall be credited at 100% of the principal amount thereof on the obligation of the Trustee to prepay Term Certificates of the same series and maturity on such Prepayment Date, and any excess of such amount shall be credited on future mandatory prepayment obligations for Term Certificates of the same series and maturity in chronological order, and the principal amount of Term Certificates of the same series and maturity to be prepaid by operation of the requirements of

this subsection shall be accordingly reduced. If the College intends to exercise any option granted by the provisions of clauses (1), (2) or (3) above, the College will, on or before the 45th day next preceding each mandatory Prepayment Date, furnish the Trustee a certificate signed by the Authorized Representative indicating to what extent the provisions of said clauses (1), (2) and (3) are to be complied with in respect to such mandatory prepayment payment.

Extraordinary Optional Prepayment. The Series 2017 Certificates are subject to optional prepayment, as a whole but not in part, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented thereby plus the Interest Portion of Basic Rent accrued to the Prepayment Date, in the event of substantial damage to or destruction or condemnation (other than by the College or any entity controlled by or otherwise affiliated with the College) of, or loss of title to, substantially all of the Leased Property, or as a result of changes in the constitution of the State or legislative or administrative action by the State or the United States, the Base Lease or the Lease becomes unenforceable, and the College purchases the Trustee's interest in the Leased Property pursuant to the Lease.

Partial Prepayment of Certificates. If less than all of the Outstanding Certificates of a series are called for prepayment, (1) Certificates shall be prepaid in such order of stated payment dates as is determined by the College, and (2) within a stated payment date the Trustee shall select the Certificates or any given portion thereof to be prepaid by lot or such other equitable manner as the Trustee determines in principal amounts of \$5,000 or integral multiples thereof. Upon surrender of any Certificate prepaid in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the College, a new Certificate or Certificates of the same series and stated payment date, equal in aggregate principal amount to the unprepaid portion of the Certificate surrendered.

Notice of Prepayment. Unless otherwise provided in the Declaration of Trust, notice of prepayment will be given by the Trustee, not more than 60 days and not less than 30 days prior to the Prepayment Date, to the College and the Owner of each Series 2017 Certificate affected at the address shown on the registration books of the Registrar on the date such notice is mailed. Each notice of prepayment will state (1) the Prepayment Date, (2) the place of prepayment, (3) the Prepayment Price, (4) if less than all, the identification of the Series 2017 Certificates to be prepaid, (5) if a Series 2017 Certificate is being prepaid in part, the portion thereof being prepaid and (6) that the Interest Portion of the Basic Rent represented by the Series 2017 Certificates designated for prepayment will cease to accrue from and after such Prepayment Date and that on said date the Prepayment Price will become due and payable on each of said Series 2017 Certificates. The failure of the Owner of any Series 2017 Certificate to be so prepaid to receive notice of prepayment mailed as herein described or any defect therein will not affect or invalidate the validity of any proceedings for the prepayment of such Series 2017 Certificate.

The Trustee, as long as a book-entry system is used for the Series 2017 Certificates, will send notices of prepayment only to the Securities Depository, as the Owner of the Series 2017 Certificates. Any failure of the Securities Depository to advise any of the Participants, or of any participant or any nominee to notify any Beneficial Owner of the Series 2017 Certificates, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Series 2017 Certificates called for prepayment.

Effect of Prepayment. Notice of prepayment having been duly given as aforesaid, and upon funds for payment of the Prepayment Price of such Series 2017 Certificates (or portions thereof) being held by the Trustee, on the Prepayment Date designated in such notice, the Series 2017 Certificates (or portions thereof) so called for prepayment will become due and payable at the Prepayment Price specified in such notice and the Interest Portion of Basic Rent represented by the Series 2017 Certificates so called for prepayment will cease to accrue, said Series 2017 Certificates (or portions thereof) will cease to be entitled to any benefit or security under the Declaration of Trust, and the Owners of such Series 2017 Certificates will have no rights in respect thereof except to receive payment of the Prepayment Price. All Series 2017 Certificates prepaid pursuant to

the provisions of the Declaration of Trust will be cancelled upon surrender thereof and destroyed by the Trustee.

SECURITY FOR THE CERTIFICATES

Limited Obligations; Sources of Payment

Each Series 2017 Certificate evidences the undivided, proportionate interest of the Owner thereof in the right to receive Basic Rent Payments to be made by the College under the Lease. The Series 2017 Certificates are payable solely out of the Basic Rent and other money and investments held by the Trustee under the Declaration of Trust.

The College's obligation to make Basic Rent and other payments under the Lease is subject to annual appropriation by the Board of Trustees and will not constitute a debt or liability of the College or of the State or any political subdivision thereof. Neither the Lease nor the Series 2017 Certificates will constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The execution and delivery of the Lease and the Series 2017 Certificates will not obligate the College to levy any form of taxation therefor or to make any appropriation for their payment in any fiscal year subsequent to a fiscal year in which the Lease is in effect.

Under the terms of the Lease, if the College elects to renew the Lease at the end of the Initial Term or any Renewal Term, it is obligated to budget, appropriate and set aside a portion of its general revenues derived from property taxes and other sources, which appropriation must be sufficient to make the Basic Rent coming due during the ensuing fiscal year. To provide for the timely payment of Basic Rent, the College has covenanted and agreed in the Lease to pay the Basic Rent to the Trustee for deposit in the Lease Revenue Fund on the fifth Business Day preceding each Basic Rent Payment Date (but only if the College elects to renew the Lease for each Renewal Term). **There can be no assurance that the Board of Trustees will appropriate funds for Basic Rent or renew the Lease for any subsequent Renewal Term. The College is not legally required to budget or appropriate money for any subsequent fiscal year beyond the then-current fiscal year.**

The College intends to satisfy its obligation to pay Basic Rent under the Lease from tuition and student fees generated from classes offered at the Leased Property and from general unrestricted operating revenues.

Base Lease

Simultaneously with the delivery of the Series 2017 Certificates, the College will, pursuant to the Base Lease, lease the Leased Property to the Trustee, as lessee. The Base Lease is for a term ending March 1, 2057 (which is 20 years after the final maturity date of the Series 2017 Certificates), unless sooner terminated if the College makes all payments required by the Lease. If an Event of Default or Event of Nonappropriation occurs under the Declaration of Trust or the Lease, the Trustee has the right to evict the College from the Leased Property for the remainder of the term of the Base Lease. Thereafter, the Trustee may enforce its interest in the Leased Property by either selling or reletting its interests under the Base Lease upon such terms as it deems prudent.

Maintenance and Insurance of the Leased Property

The College has agreed in the Lease, at its own expense, to maintain, manage and operate the Leased Property in good order, condition and repair, ordinary wear and tear excepted. The College will provide or cause to be provided security service and all custodial service, power, gas, telephone, light, heating, water and all other public utility services. As provided in the Lease, the Trustee and the Owners of the Series 2017 Certificates will not have any obligation to incur any expense of any kind or character for the management, operation or maintenance of the Leased Property during the term of the Lease.

The Leased Property is required to be insured to the extent described in **Appendix C** hereto under **“SUMMARY OF THE LEASE – Insurance.”** All Net Proceeds from policies of insurance or condemnation awards will be applied to the prompt replacement, repair, restoration or modification of the Leased Property, unless the College has exercised its option to purchase the Trustee’s interest in the Lease Property pursuant to the Lease.

If the College determines that the replacement, repair, restoration, or modification of the Leased Property is not economically feasible or in the best interest of the College, then, in lieu of making such replacement, repair, restoration, or modification and if permitted by law, the College will promptly purchase the Trustee’s interest in the Leased Property pursuant to the Lease. The Net Proceeds will be applied by the College to the purchase of the Leased Property. Any balance of the Net Proceeds remaining after purchasing the Leased Property will belong to the College.

If the Net Proceeds are insufficient to pay in full the cost of any replacement, repair, restoration, or modification of the Leased Property and the College has not elected to purchase the Trustee’s interest in the Leased Property pursuant to the Lease, the College will complete such replacement, repair, restoration, modification and pay any costs thereof in excess of the amount of the Net Proceeds and the College will not be entitled to any reimbursement therefor from the Trustee nor will the College be entitled to any diminution of Basic Rent.

Parity Obligations

Additional Certificates may be issued under and be equally and ratably secured by the Declaration of Trust on a parity with the Series 2017 Certificates and any other Additional Certificates Outstanding, at any time while no Event of Default is continuing under the Declaration of Trust or Event of Nonappropriation has occurred under the Lease, with the written consent of the College, upon compliance with the conditions provided in the Declaration of Trust. See **“SUMMARY OF THE DECLARATION OF TRUST — Additional Certificates”** in **Appendix C** hereto.

Pursuant to the Declaration of Trust, Additional Certificates may be issued for any one or more of the following purposes: (1) to complete the Project or pay all or any part of the Costs of any Additional Project, provide funds to complete the Project or to pay all or any part of the costs of any Additional Project, (2) to repair, replace or restore the Leased Property, (3) to pay the costs relating to the execution and delivery of the Additional Certificates, (4) pay interest during the estimated period of acquisition and construction of any Additional Project or (5) refund any or all of the Certificates.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

The purchase of the Series 2017 Certificates involves certain investment risks that are discussed throughout this Official Statement. Each prospective purchaser of the Series 2017 Certificates should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed investment decision. Certain risk factors relating to the Series 2017 Certificates are described below. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with all

other parts of this Official Statement and should not be considered as a complete description of all risks that could affect payment of the Series 2017 Certificates.

Limited Obligations

Each Series 2017 Certificate evidences the undivided, proportionate interest of the Owner thereof in the right to receive Basic Rent to be paid by the College under the Lease. The Series 2017 Certificates are payable solely from the Basic Rent and other money and investments held by the Trustee under the Declaration of Trust. The Basic Rent constitute currently budgeted expenditures of the College, payable only if the Board of Trustees appropriates sufficient money to extend the term of the Lease for each successive fiscal year. The Initial Term of the Lease commences as of delivery of the Series 2017 Certificates, and expires on June 30, 2017. The Lease is thereafter subject to successive one-year Renewal Terms commencing on July 1 of each year, with a final renewal term commencing July 1, 2036 and ending March 2, 2037. **The College's obligations under the Lease do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.**

The Board of Trustees has declared its current intention and expectation that the Lease will be renewed annually until the College exercises its option to acquire the Trustee's interest in the Leased Property. However, such a declaration cannot be construed as contractually obligating or otherwise binding the College. Accordingly, the likelihood that the College will renew the Lease for all Renewal Terms and continue to pay the Basic Rent thereunder to enable the Trustee to timely pay the Principal Portions and Interest Portions of Basic Rent represented by the Series 2017 Certificates is dependent upon certain factors that are beyond the control of the Owners, including (1) the availability of funds from the Series 2017 Certificates or other sources in an amount sufficient to complete the Project, (2) the College's continuing need for the Leased Property, (3) the demographic conditions within the College, (4) the College's ability to generate sufficient revenues, property taxes, user fees and charges and other sources to pay its obligations under the Lease and its other obligations and (5) the value of the Leased Property if the Trustee's interest therein is relet or sold in a foreclosure or other liquidation proceeding instituted by the Trustee upon the termination of the Lease as a result of an Event of Default or Event of Nonappropriation.

Expiration or Termination of the Lease

The Initial Term of the Lease will expire by its terms on June 30, 2017. Thereafter, each Renewal Term will expire by its terms on June 30 during each year commencing in 2018 with a final Renewal Term commencing July 1, 2036 and ending March 2, 2037, unless the College in its sole discretion exercises the option provided in the Lease to extend its term for each next succeeding Renewal Term. If in any year the College does not extend the term of the Lease, the College's obligation to make payments will terminate on the June 30 occurring at the end of the then-current Renewal Term. Upon (1) the expiration of any Renewal Term during which an Event of Nonappropriation occurs (which is not waived by the Trustee as provided in the Lease) or (2) a default under the Lease and an election by the Trustee to terminate the College's possessory interest under the Lease, the College's right of possession and use of the Leased Property under the Lease will expire or be terminated, as appropriate. See **"SUMMARY OF THE LEASE — Events of Default"** and **"— Remedies on Default"** in *Appendix C* hereto.

If the College's right of possession and use of the Leased Property under the Lease expires or is terminated for either of the reasons described in the preceding paragraph, (1) the College's obligation to make payments thereunder will continue through the Renewal Term then in effect, but not thereafter, (2) the Principal Portion of Basic Rent that has been appropriated but is then unpaid by the College for the College's then-current fiscal year may be declared immediately due and payable and (3) the Series 2017 Certificates will be payable from, among other sources, such money as may be available by way of recovery from the College of the Basic Rent that are due through the Renewal Term then in effect. See **"SUMMARY OF THE LEASE — Nonappropriation"**, **"— Events of Default"** and **"— Remedies on Default"** in *Appendix C* hereto.

Upon a termination of the Lease by the College or by reason of an Event of Default, the College may be required to surrender possession of the Leased Property after notice from the Trustee. Thereafter, the Trustee may enforce its interest in the Leased Property by either selling or reletting its interest. It is possible that the College would seek and obtain injunctive relief restraining the Trustee from enforcing its rights on the assertion that the College could not properly function without the Leased Property.

Upon the occurrence of an Event of Default or an Event of Nonappropriation, the Trustee has the right under the Declaration of Trust and the Lease to take possession and relet the Leased Property for the remaining term of the Base Lease. No assurance can be made that the Leased Property will generate sufficient revenues to pay the Principal Portion and Interest Portion of Basic Rent represented by the Series 2017 Certificates upon the exercise of such remedy by the Trustee. The Base Lease extends only to March 1, 2057, which may limit the Trustee's ability to relet the Leased Property for sufficient revenues to pay the Principal Portion and Interest Portion of Basic Rent represented by the Series 2017 Certificates, upon the exercise of such remedy by the Trustee.

No assurance can be given that the Trustee could assign the Base Lease and its rights thereunder or sublease the Leased Property for the amount necessary (after taking into account money legally available from other sources) to pay in full the Principal Portions and Interest Portions of Basic Rent then due with respect to the Series 2017 Certificates. Furthermore, no assurance can be given that the amount, if any, realized upon any assignment or sublease of the Trustee's interest in the Leased Property will be available to provide for the payment of the Series 2017 Certificates on a timely basis.

Delays in Exercising Remedies

A termination of the Lease will give the Trustee the right to possession and use of the Leased Property, and the right to assign the Base Lease and its rights thereunder or to sublease the Leased Property, all in accordance with the provisions of the Base Lease, the Lease and the Declaration of Trust. However, the enforceability of the Lease and the Declaration of Trust is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the exercise of judicial authority by the State of Missouri or federal courts and the exercise by the United States of America of the powers delegated to it by the U.S. Constitution.

Any delays in the ability of the Trustee to obtain possession of the Leased Property will, of necessity, result in delays in any payment of Principal Portion and Interest Portion of Basic Rent represented by the Series 2017 Certificates.

Enforceability of Remedies

The enforceability of the Lease and the Declaration of Trust is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the exercise of judicial authority by State or federal courts and the exercise by the United States of America of the powers delegated to it by the U.S. Constitution. There can be no assurance that (1) a court, in the exercise of judicial discretion, would enforce the remedies afforded by the Lease in a timely manner or (2) any money realized by the Trustee upon an exercise of any remedies would be sufficient to pay in full the Principal Portions and the Interest Portions of Basic Rent represented by the Series 2017 Certificates.

Destruction of the Leased Property

The Lease requires the Leased Property to be insured as described in **"SUMMARY OF THE LEASE – Insurance"** in *Appendix C* hereto. If the Leased Property is damaged or destroyed, the College is nevertheless required to continue to make Basic Rent Payments under the Lease, subject to the exercise of its option to extend the term of the Lease for each next succeeding Renewal Term and to the application of Net Proceeds from insurance and certain other sources to repair, restore, modify, improve or replace the affected

portion of the Leased Property. If the Net Proceeds from insurance and such other sources are sufficient to repair, restore, modify, improve or replace the affected portion of the Leased Property, such proceeds are to be so applied unless the College elects to purchase the Trustee's interest in the Leased Property pursuant to the Lease. If the Net Proceeds are insufficient for such purpose, (1) the College is obligated to commence and thereafter complete the work and pay any cost in excess of such Net Proceeds, in order for the affected portion of the Leased Property to be repaired, restored and replaced, or (2) the College may apply Net Proceeds to the payment of the Purchase Price applicable on the next available optional Prepayment Date and, if such Net Proceeds are insufficient to pay such Purchase Price, the College is required under the Lease to pay such amounts as are necessary to equal the full Purchase Price.

There can be no assurance either as to the adequacy of or timely payment under property damage insurance in effect at that time or that the College will elect to extend the term of the Lease for the next Renewal Term succeeding such damage or destruction. See **"SUMMARY OF THE LEASE – Damage, Destruction and Condemnation"** in *Appendix C* hereto.

The College also has a title insurance policy covering the Leased Property in the amount of \$9,450,000, subject to the conditions and limitations contained in the policy. In the event of a title loss, the proceeds of the title insurance policy may be insufficient to allow the College to purchase the Trustee's interest in the Leased Property pursuant to the Lease and could increase the likelihood of an Event of Nonappropriation by the College.

No Reserve Fund

The College has not established a reserve fund to secure the payment of the Principal Portions and Interest Portions of Basic Rent represented by the Series 2017 Certificates. There is no assurance that the College will have funds available for the timely payment of the Principal Portions and the Interest Portions of Basic Rent as the same become due.

Enrollment

Historic levels of enrollment indicate that a stable demand for the College's educational programs will continue; however, no assurance can be given that it will so continue. A significant decrease in the College's enrollment could adversely affect the College's financial position and results of operations.

Financial Aid

A significant percentage of the College's students receive financial support in the form of federally-supported loans and scholarships and grants from the College. There can be no assurance that the amount of federally-supported loans will remain stable or increase in the future. If the amount of such loans decreases in the future, there can be no assurance that the College will be able to increase the amount of financial aid provided by it. Any change in the availability of financial aid could adversely affect the College's enrollment and student demand for the facilities of the College.

Withholdings of and Shortfalls in State Appropriations

State aid was the College's fourth largest revenue source for the Fiscal Year ended June 30, 2016. Future revenue shortfalls for the State or increased spending pressures for the State in other areas, or a combination of the two may continue to adversely affect future State appropriations for the College. The level of State appropriations to the College directly affects the level of services (including scope of course offerings) the College can offer to students, which can affect the level of student enrollment at the College.

Article IV, Section 27 of the Missouri Constitution authorizes the Governor to control the rate at which any appropriation is expended during the period of the appropriation by allotment or other means. This

section also authorizes the Governor to reduce the expenditures of the State or any of its agencies below their appropriations whenever the actual revenues are less than the revenue estimates upon which the appropriations were based. The normal Governor's reserve from appropriated funds is 3%, and the College budgets with the expectation that the actual funds received by the College will always be 3% less than the amount appropriated due to the withholding of the normal Governor's reserve. The effect of the withholdings in any year is to reduce the State's overall budget. In January 2017, the Governor cut approximately \$146 million from the State's budget, an estimated \$82 million of which was earmarked for higher education. As a result, the College expects to receive \$710,000 less State aid than budgeted for 2017.

Amendment of the Declaration of Trust, Lease and Base Lease

Certain amendments to the Declaration of Trust, the Lease and the Base Lease may be made with consent of the Owners of not less than a majority in principal amount of the Certificates (including any Additional Certificates which may be hereafter delivered) then Outstanding affected by such amendments. Such amendments may adversely affect the security of the Owners of the Certificates.

Dilution of Security for the Series 2017 Certificates

The Declaration of Trust permits the issuance of Additional Certificates payable from the Trust Estate on a parity with the pledge of the Trust Estate to the payment of the Series 2017 Certificates. See **"SECURITY FOR THE CERTIFICATES – Parity Obligations."** The issuance of Additional Certificates payable from the Trust Estate on a parity with the pledge of the Trust Estate to the payment of the Series 2017 Certificates may dilute the security for the Series 2017 Certificates by increasing debt service obligations under the Declaration of Trust without a concomitant increase in the security for the Series 2017 Certificates.

Taxability

The Series 2017 Certificates are not subject to prepayment nor are the interest rates on the Series 2017 Certificates subject to adjustment in the event of a determination by the Internal Revenue Service (the **"Service"**) or a court of competent jurisdiction that the Interest Portion of Basic Rent paid or to be paid on any Series 2017 Certificate is or was includible in the gross income of the Certificate Owner for federal income tax purposes. *Under such circumstances, Owners of Series 2017 Certificates would continue to hold their Series 2017 Certificates, receiving the Principal Portion and Interest Portion of Basic Rent as and when due, but would be required to include the Interest Portion of Basic Rent in gross income for federal and Missouri income tax purposes.*

Effect on Tax-Exemption of Termination of the Lease

Special Tax Counsel is not rendering an opinion with respect to the tax-exempt status of the Interest Portion of the Basic Rent distributable to Owners of the Series 2017 Certificates subsequent to the termination of the Lease for any reason (including an Event of Default or an Event of Nonappropriation under the Lease). If the Lease is terminated while Series 2017 Certificates are outstanding, there is no assurance that payments made to Series 2017 Certificate owners after such termination with respect to interest will be excluded from gross income of the owners thereof for federal or Missouri income tax purposes.

Risk of Audit

The Service has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal income tax purposes. No assurance can be given that the Service will not commence an audit of the Series 2017 Certificates. Owners of the Series 2017 Certificates are advised that, if an audit of the Series 2017 Certificates were commenced, in accordance with its current published procedures, the Service is likely to treat the College as the taxpayer, and the Owners of the Series 2017 Certificates may not have a right to participate in such audit. Public awareness of any audit

could adversely affect the market value and liquidity of the Series 2017 Certificates during the pendency of the audit, regardless of the ultimate outcome of the audit.

Loss of Premium from Prepayment

Any person who purchases a Series 2017 Certificate at a price in excess of its principal amount or who holds such Series 2017 Certificate trading at a price in excess of par should consider the fact that the Series 2017 Certificates are subject to prepayment prior to maturity at the prepayment prices described herein in the event such Series 2017 Certificates are prepaid prior to maturity. See “**THE SERIES 2017 CERTIFICATES – Prepayment Provisions**” herein.

Secondary Markets and Prices

The Series 2017 Certificates are not readily liquid, and no person should invest in the Series 2017 Certificates with funds such person may need to convert readily into cash. Owners of the Series 2017 Certificates should be prepared to hold their Certificates to the stated maturity date. The Underwriter will not be obligated to repurchase any of the Series 2017 Certificates, and no representation is made concerning the existence of any secondary market for the Series 2017 Certificates. No assurance can be given that any secondary market will develop following the completion of the offering of the Series 2017 Certificates as no assurance can be given that the initial offering price for the Series 2017 Certificates will continue for any period of time.

Investment Ratings

The lowering or withdrawal of the investment rating initially assigned to the Series 2017 Certificates could adversely affect the market price for and the marketability of the Series 2017 Certificates.

Defeasance

When any or all of the Principal Portion of Basic Rent or the Interest Portion of Basic Rent on the Certificates thereon have been paid and discharged, then the requirements contained in the Declaration of Trust and the pledge of revenues made thereunder and all other rights granted thereby shall terminate with respect to the Basic Rent of the Certificates so paid and discharged. Basic Rent of the Certificates shall be deemed to be paid within the meaning of the Declaration of Trust when payment of the Principal Portion of Basic Rent on such Certificates, plus premium, if any, plus the Interest Portion of Basic Rent thereon to the due date thereof (whether such due date is by reason of maturity or upon prepayment as provided in the Declaration of Trust, or otherwise), either (a) has been made or caused to be made in accordance with the terms of the Declaration of Trust, or (b) provision therefore has been made by depositing with the Trustee, in trust and irrevocably setting aside exclusively for such payment, (1) moneys sufficient to make such payment or (2) non-callable Government Securities maturing as to the Principal Portion and Interest Portion of Basic Rent in such amount and at such times as will ensure the availability of sufficient moneys to make such payment and the Trustee shall have received an opinion of Special Tax Counsel (which opinion may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that such deposit of the Interest Portion of Basic Rent of the Certificates will not result in the Interest Portion of Basic Rent on any Certificates then Outstanding and exempt from taxation for federal income tax purposes becoming subject to federal income taxes then in effect and that all conditions precedent to the satisfaction of the Declaration of Trust have been met. Any money and non-callable Government Securities that at any time shall be deposited with the Trustee by or on behalf of the College, for the purpose of paying and discharging any of the Principal Portion or the Interest Portion of Basic Rent thereon, shall be assigned, transferred and set over to the Trustee in trust for the respective Owners of the Certificates, and such moneys shall be irrevocably appropriated to the payment and discharge thereof. Non-callable Government Securities include, in addition to cash and obligations pre-refunded with cash, bonds, notes, certificates of indebtedness, treasury bills and other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely

payment by, the United States of America. Historically, such United States obligations have been rated in the highest rating category by the rating agencies. There is no legal requirement in the Declaration of Trust that Government Securities consisting of such United States obligations be or remain rated in the highest rating category by any rating agency. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and that could include any rating of the Certificates defeased with Government Securities to the extent the Government Securities have a change or downgrade in rating.

Power of Eminent Domain

Section 177.041 of the Revised Statutes of Missouri, as amended, grants Missouri school districts the power to condemn property for any purpose for which such districts are authorized to acquire property. There is no assurance that if the College were to condemn the Trustee's interest under the Base Lease that the condemnation award would be sufficient to pay the outstanding principal and interest components with respect to the Certificates. The College has agreed in the Base Lease that, in the event that the whole or any part of the facilities is taken by eminent domain proceedings, the interest of the Trustee will be recognized. Under the Base Lease, the College and the Trustee have reached an agreement on the terms of the acquisition of the facilities at the College's option, and to the use of the facilities. The College has agreed that any acquisition of the facilities or rights to their use by the College (whether pursuant to the exercise of eminent domain powers or otherwise) will be pursuant to and in accordance with the Lease, including payment of rental payments and the applicable option Purchase Price (as defined and set forth in the Lease). If the College allows the Lease to expire without exercising its option to purchase, whether by failure to exercise its option to extend the Lease for a Renewal Term, failure to exercise its option to purchase at the conclusion of the maximum Lease Term or failure to cure an Event of Default (as such terms are defined in the Lease), the College's failure to exercise the option to purchase will constitute an irrevocable determination by the College that the Facilities are not required by it for any public purpose for the term of the Base Lease. The enforceability of the foregoing agreements of the College has not been the subject of judicial interpretation.

Pension and Employee Retirement Plans and other Post Employment Benefits

As further described in *Appendix A* to this Official Statement, the College is liable for certain pension and employee retirement plans and other postemployment benefits ("OPEB"). To calculate the funded status of these plans, actuarial assumptions are made to approximate future cash inflows from return on investments plus contributions from plan sponsors against future cash outflows from payments to retirees. The assumptions are forward-looking statements that involve known and unknown risks, uncertainties and other factors that may cause the 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. One key assumption is the assumed rate of return on plan investments. This rate is often the same rate used to discount to present value the future liability of payments to retirees. The higher the discount rate, the lower the stated present value of the liability. The assumed rate of return on plan investments, however, might not be relevant for OPEB as these are often financed on a pay-as-you-go basis, meaning no trust fund or assets are set aside to pay future liabilities.

Other Factors

One or more of the following factors or events could adversely affect the College's operations and financial performance to an extent that cannot be determined at this time:

1. *Changes in Administration.* Changes in key management personnel could affect the capability of the management of the College.
2. *Future Economic Conditions.* Adverse economic conditions or changes in demographics in the College, including increased unemployment and inability to control expenses in periods of

inflation, could adversely impact payment of taxes by taxpayers in the College and, therefore, the College's financial condition.

3. *Insurance Claims.* Increases in the cost of general liability insurance coverage and the amounts paid in settlement of liability claims not covered by insurance could adversely impact the College's financial performance.
4. *Environmental Hazards.* The College has covenanted in the Lease to comply with all applicable environmental laws. No environmental studies have been performed with respect to the Leased Property. The College is not aware of any environmental condition of the Leased Property that requires any present remedial action. The discovery of such a condition may adversely affect the College's willingness to renew the Lease after the expiration of the Initial Term or any Renewal Term.
5. *Gifts, Grants and Bequests.* Any decrease in the annual gifts, bequests and grants to the College could adversely affect the financial condition of the College and result in the need to increase fees or reduce services, either of which could adversely affect enrollment.

RATING

Moody's Investors Service, Inc. (the "**Rating Agency**"), has assigned the Series 2017 Certificates a rating of "Aa2" based on the Rating Agency's evaluation of the creditworthiness of the College. Such rating reflects only the view of the Rating Agency at the time the rating is given, and the College makes no representation as to the appropriateness of such rating. An explanation of the significance of such rating may be obtained only from the Rating Agency. The College furnished the Rating Agency with certain information and materials relating to the Series 2017 Certificates and the College that has not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of the rating agency, circumstances warrant. Neither the Underwriter nor the College has undertaken any responsibility to bring to the attention of the Owners of the Series 2017 Certificate any proposed revision or withdrawal of a rating of the Series 2017 Certificates or to oppose any such proposed revision or withdrawal. Any such revision or withdrawal of the rating on the Series 2017 Certificates could have an adverse effect on the market price and marketability of the Series 2017 Certificates.

THE TRUSTEE

UMB Bank, N.A., St. Louis, Missouri, will be the Trustee under the Declaration of Trust and a party to the Lease and the Base Lease. The Trustee may consult with counsel, and the opinion of such counsel will be full and complete authorization and protection with respect to any action taken or suffered by the Trustee in good faith in accordance with such opinion. The Trustee may execute any trusts or powers or perform the duties required by the Declaration of Trust, the Lease or the Base Lease by or through attorneys, agents or receivers and will not be answerable for the default or misconduct of any such attorney, agent or receiver selected by it in good faith.

The Series 2017 Certificates are executed by the Trustee, not individually or personally but solely as Trustee under the Declaration of Trust, in the exercise of the power and authority conferred upon and invested in it as such Trustee. Except for its negligence or willful misconduct, nothing contained in the Declaration of Trust, the Lease or the Base Lease is to be construed as creating any liability on the Trustee, individually or personally, to perform any covenant either express or implied in the Certificates, the Declaration of Trust, the Lease or the Base Lease, all such liability, if any, being expressly waived by the Owners of the Certificates by

the acceptance thereof and by each and every person now or hereafter claiming by, through or under the Trustee or the Owners of the Certificates. Insofar as the College is concerned, the Trustee and the Owner of any Certificate and any person claiming by, through or under the Trustee or the Owner of any Certificate may look solely to the Trust Estate described in the Declaration of Trust for payment of the interests evidenced by the Certificates.

As security for the compensation, expenses, disbursements and indemnification to which it is entitled upon the occurrence of an Event of Default under the Declaration of Trust or an Event of Nonappropriation under the Lease, the Trustee will have a first lien with right of payment prior to payment on account of any principal or interest with respect to the Certificates for such compensation, expenses, disbursements and indemnification.

FINANCIAL STATEMENTS

The College maintains its financial records on the basis of a fiscal year ending June 30. Set forth in *Appendix B* are the College's audited financial statements for the fiscal year ended June 30, 2016.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, sale and delivery of the Series 2017 Certificates are subject to the approving legal opinion of Gilmore & Bell, P.C., St. Louis, Missouri, Special Tax Counsel to the College. Gilmore & Bell, P.C. will also pass upon certain legal matters relating to this Official Statement. Certain legal matters will be passed upon for the College by Tueth Keeney Cooper Mohan Jackstadt P.C., St. Louis, Missouri.

The various legal opinions to be delivered concurrently with the delivery of the Series 2017 Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the Series 2017 Certificates. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2017 Certificates as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2017 Certificates in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2017 Certificates.

Opinion of Special Tax Counsel

In the opinion of Gilmore & Bell, P.C., Special Tax Counsel to the College, under existing law as of the delivery date of the Series 2017 Certificates:

Federal and Missouri Tax Exemption. The Interest Portion of Basic Rent paid by the College and distributed to the Owners of the Series 2017 Certificates is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

Alternative Minimum Tax. The Interest Portion of Basic Rent received with respect to the Series 2017 Certificates is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Bank Qualification. The College's obligation to pay Basic Rent under the Lease is a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code.

Special Tax Counsel's opinions are provided as of the date of the initial delivery of the Series 2017 Certificates, subject to the condition that the College comply with all requirements of the Code that must be satisfied subsequent to the delivery of the Series 2017 Certificates in order that the Interest Portion of Basic Rent be, or continue to be, excludable from gross income for federal income tax purposes. The College has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of the Interest Portion of Basic Rent represented by the Series 2017 Certificates in gross income for federal and Missouri income tax purposes retroactive to the date of initial delivery of the Series 2017 Certificates. Special Tax Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2017 Certificates but has reviewed the discussion under the heading "TAX MATTERS."

Other Tax Consequences

Original Issue Premium. If a Series 2017 Certificate is issued at a price that exceeds the stated redemption price at maturity of the Series 2017 Certificate, the excess of the purchase price over the stated redemption price at maturity constitutes "premium" on that Series 2017 Certificate. Under Section 171 of the Code, the purchaser of that Series 2017 Certificate must amortize the premium over the term of the Series 2017 Certificate using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Series 2017 Certificate and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2017 Certificate prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of certificate premium.

Sale, Exchange or Retirement of Series 2017 Certificates. Upon the sale, exchange or retirement (including prepayment) of a Series 2017 Certificate, an owner of the Series 2017 Certificate generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2017 Certificate (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2017 Certificate. To the extent a Series 2017 Certificate is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2017 Certificate has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Series 2017 Certificates, and to the proceeds paid on the sale of the Series 2017 Certificates, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2017 Certificates should be aware that ownership of the Series 2017 Certificates may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with “excess net passive income,” foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2017 Certificates. Special Tax Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2017 Certificates should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2017 Certificates, including the possible application of state, local, foreign and other tax laws.

ABSENCE OF LITIGATION

There is not now pending or, to the College’s knowledge, threatened, any litigation seeking to restrain or enjoin or in any way limit the approval or the delivery of this Official Statement or the Series 2017 Certificates or the proceedings or authority under which they are to be delivered. There is no litigation pending or, to the College’s knowledge, threatened which in any manner challenges or threatens the College’s powers to enter into or carry out the transactions contemplated by the Declaration of Trust, the Lease, the Base Lease and this Official Statement, or which would materially and adversely affect the financial condition of the College.

UNDERWRITING

Robert W. Baird & Co. Incorporated, Milwaukee, Wisconsin (the “**Underwriter**”) has agreed, subject to certain conditions, to purchase the Series 2017 Certificates at a purchase price of \$5,096,685.70 (which amount is equal to the principal amount of the Series 2017 Certificates, less an underwriting discount of \$74,583.05, plus an original issue premium of \$156,268.75). The Underwriter is purchasing the Series 2017 Certificates for resale in the normal course of the Underwriter’s business activities. The Underwriter reserves the right to offer any of the Series 2017 Certificates to one or more purchasers on such terms and conditions and at such price or prices as the Underwriter, in its discretion, determines.

FINANCIAL ADVISOR

Piper Jaffray & Co., St. Louis, Missouri, is employed as Financial Advisor to the College to render certain professional services, including advising the College on a plan of financing for the sale of the Series 2017 Certificates. Piper Jaffray & Co. has not undertaken an independent investigation into the accuracy of the information contained in this Official Statement.

MISCELLANEOUS

References herein to the Declaration of Trust, the Lease and the Base Lease and certain other matters are brief discussions of certain provisions thereof. Such discussions do not purport to be complete, and reference is made to such documents for full and complete statements of such provisions.

Any statement made in this Official Statement involving matters of opinion or of estimates, whether or not expressly so 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 information and expressions of opinion herein are subject to change without notice and 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 information presented herein since the date hereof. This Official Statement is not to be construed as a contract or agreement between the College and the Underwriter and the purchaser or Owners of any Series 2017 Certificates.

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The form of this Official Statement and its distribution and use by the Underwriter have been approved by the College.

ST. CHARLES COMMUNITY COLLEGE

By: /s/ Barbara R. Kavalier, Ph.D.
President of the College

APPENDIX A

THE COLLEGE

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THE COLLEGE

General

The College was established as a junior college district following an election on April 1, 1986, and is currently the fourth largest community college district in the State of Missouri (the **“State”**). The College is located in east central Missouri approximately 30 miles west of the City of St. Louis and covers approximately 525 square miles in St. Charles County, Missouri (the **“County”**). The College shares the boundaries of the County except for 26 square miles along its most southwestern border in a rural portion of the County adjacent to Franklin County, Missouri. The County is part of a Standard Metropolitan Statistical Area (**“MSA”**) which is comprised of the City of St. Louis, St. Louis County, the County, Jefferson County, Franklin County, Warren County, Washington County and Lincoln County in Missouri and Monroe County, St. Clair County, Clinton County, Madison County, Macoupin County, Bond County, Calhoun County and Jersey County in Illinois.

Board of Trustees and Administration

The College is governed by a six-member Board of Trustees (the **“Board”**), whose members are elected at large to serve six-year terms. Two members are elected in April of even-numbered years.

The Board is charged with the responsibility of determining the policy of the College within the legal framework established by Missouri law. The Board makes all final decisions concerning employment, termination of services, expenditures of funds, contracts, establishment of new programs, student fees, tax levies and construction of facilities.

The day-to-day affairs of the College are managed by the President of the College (the **“President”**) under the direction of the Board. In addition to day-to-day management, the President’s responsibilities include, among others, making policy recommendations to the Board, recommending all additions or changes in personnel and personnel policies, and directing the development of the campus building program.

Reporting to the President is an administrative cabinet consisting of the following positions: Vice President for Academic & Student Affairs (currently an Interim Vice President for Academic & Student Affairs), Vice President for Administrative Services, Vice President for Human Resources, Vice President for Enrollment & Marketing Services and Vice President for College Advancement & Planning. The vice presidents are administrative officers of the College as well as cabinet members. Also reporting to the President, but separate from the administrative cabinet, is the Executive Assistant. The Vice President for Academic & Student Affairs is responsible for academic and continuing education programs, academic advising, counseling services, job placement, student activities, and athletics. The Vice President for Enrollment & Marketing Services is responsible for student admissions, testing and assessment, recruitment, registration records and student financial assistance programs. The Vice President for Administrative Services is responsible for all financial services and administrative support operations of the College.

The following are brief resumes of the President and Vice President for Administrative Services.

Barbara R. Kavalier, Ph.D., became president of the College on August 10, 2016. Dr. Kavalier’s previous experience includes serving as the District President for Navarro College in Central Texas. At Navarro College, Dr. Kavalier presided over four campuses and one career and technical center serving five counties. Prior to working at Navarro College, she was the President of San Jose City College in San Jose, California. Dr. Kavalier earned a doctorate in educational administration from The University of Texas at Austin, a Master of Science degree in business and human relations from Amberton University, a Bachelor of Science degree in education, majoring in English, from Texas Christian University, and an Associate Degree from Mountain View College.

Todd Galbierz, Vice President for Administrative Services, joined the College in April 2008. His areas of responsibility include Financial Services, Food Service, Public Safety, Bookstore, Facilities & Construction, Information Technology and Purchasing. Prior to working at the College, Mr. Galbierz spent most of his career in municipal government positions, including Financial Analyst, Controller, Director of Finance, Assistant City Administrator and City Administrator. Mr. Galbierz earned his Bachelor of Science degree in Business Administration from the University of Missouri and his Master of Business Administration degree from Washington University in St. Louis, Missouri. Mr. Galbierz served as Interim President of the College from March 22, 2016 through August 9, 2016.

Missouri Coordinating Board for Higher Education

The Missouri Coordinating Board for Higher Education (the “**Coordinating Board**”) was authorized by an amendment to the Missouri Constitution in 1972 and established by statute in the Omnibus State Reorganization Act of 1974. The Coordinating Board has nine board members, one from each congressional district and a member at large, which are appointed by the Governor and confirmed by the Senate. The Coordinating Board has oversight responsibilities for certain activities of the 12 publicly-supported community college districts in the State. Those responsibilities include approval of new academic programs, annual reviews of existing academic programs, formulating budgetary and accounting policies, and accreditation. The Coordinating Board is also responsible for establishing the level of State support for community colleges to be recommended to the Governor and General Assembly and is responsible for the distribution of State aid to each institution.

Employees

The College currently employs approximately 110 full-time faculty members and approximately 279 part-time faculty members. The faculty works in three divisions: (1) business, mathematics, science education and computer science; (2) arts, humanities and social sciences; and (3) nursing and allied health. There are currently approximately 309 other employees in full-time administrative, clerical or professional positions, and approximately 95 part-time employees.

Full-time faculty of the College are members of the AFT-Missouri, AFL-CIO No. 4803. Prior to May 2007, employees were provided only the right to “meet and confer.” In May 2007, the Missouri Supreme Court held that public employees have a constitutional right to collectively bargain under Missouri’s Constitution. In 2014, the College and the faculty association signed a Memorandum of Understanding (the “**MOU**”), which governs compensation, benefits and other employment-related matters. The MOU continues through June 30, 2020, although compensation terms may be renegotiated after June 30, 2018.

In March 2016, part-time faculty elected to be represented by the Service Employees International Union, Local 1. Contract negotiations began in May 2016 and are continuing.

Facilities

The College’s campus (the “**Campus**”) encompasses 228 acres of land owned by the College south of Interstate 70 and bordered on the west by the City of St. Peters. The Campus uses an “educational village” concept in which there is a cluster of buildings. There are presently 12 buildings on the Campus: the Administration Building, Campus Services Building, Learning Resource Center-Library, Student Center, Child Development Center, Technology Building, the College Center, Fine Arts Building, Humanities Building, Visual Arts Building, Social Sciences Building and the Café/Bookstore. Collectively, the buildings encompass approximately 550,000 square feet. The Campus also includes parking for approximately 2,600 vehicles. In September 1992, the College received the Honor Award for Excellence in Architecture from the St. Louis Chapter of the American Institute of Architects for the design and function of its campus.

Pension and Employee Retirement Plans

The College contributes to two cost-sharing multiple-employer defined benefit pension plans on behalf of its employees: (i) The Public School Retirement System of Missouri (“**PSRS**”), which provides retirement, disability and death benefits to full-time (and certain part-time) certificated employees of educational entities in Missouri and employees of certain related employers; and (ii) The Public Education Employee Retirement System of Missouri (“**PEERS**”), which provides retirement and disability benefits to employees of educational entities in Missouri and of certain related employers who work 20 or more hours per week and do not contribute to PSRS. Benefit provisions relating to both PSRS and PEERS are set forth in Chapter 169 of the Revised Statutes of Missouri, as amended. The statutes assign responsibility for the administration of both plans to a seven-member Board of Trustees of PSRS (the “**PSRS Board**”). PSRS and PEERS had 534 and 530 contributing employers, respectively, during the fiscal year ended June 30, 2016.

PSRS and PEERS issue a publicly-available financial report that includes financial statements and required supplementary information. The PSRS/PEERS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016 (the “**2016 PSRS/PEERS CAFR**”), the comprehensive financial report for the plans, is available at www.psr-peers.org/Investments/Annual-Report.html. The link to the 2016 PSRS/PEERS CAFR is provided for general background information only, and the information in the 2016 PSRS/PEERS CAFR is not incorporated by reference herein. The 2016 PSRS/PEERS CAFR provides detailed information about PSRS and PEERS, including their respective financial positions, investment policy and performance information, actuarial information and assumptions affecting plan design and policies, and certain statistical information about the plans.

Employees who contribute to PSRS are not eligible to make Social Security contributions, except in limited circumstances. For the fiscal year ended June 30, 2016, PSRS contributing employees were required to contribute 14.5% of their annual covered salary and their employers, including the College, were required to contribute a matching amount of 14.5% of each contributing employee’s covered salary. The contribution requirements of members and the College are established (and may be amended) by the PSRS Board based on the recommendation of an independent actuary. State statute prohibits the PSRS Board from approving an increase greater than 1.0% in aggregate of PSRS contributing member covered pay of the previous year.

Employees who contribute to PEERS are eligible to make Social Security contributions. For the fiscal year ended June 30, 2016, PEERS contributing employees were required to contribute 6.86% of their annual covered salary and their employers, including the College, were required to contribute a matching amount of 6.86% of each contributing employee’s covered salary. The contribution requirements of members and the College are established (and may be amended) by the PSRS Board based on the recommendation of an independent actuary. State statute prohibits the PSRS Board from approving an increase greater than 0.5% in aggregate of PEERS contributing member covered pay of the previous year.

PSRS and PEERS reported funded ratios of 84.8% and 86.4%, respectively, as of June 30, 2016, according to the 2016 PSRS/PEERS CAFR. Funded ratios are intended to estimate the ability of current plan assets to satisfy projected future liabilities. The PSRS and PEERS funded ratios are determined by dividing the smoothed actuarial value of plan assets by the plan’s actuarial accrued liability determined under the entry age normal cost method with normal costs calculated as a percentage of payrolls, along with certain actuarial assumptions based on an experience study conducted in 2016. PSRS and PEERS amortize unfunded actuarial liabilities using a closed 30-year method. Additional assumptions and methods used to determine the actuarial funded status of PSRS and PEERS are set forth in the Actuarial Section of the 2016 PSRS/PEERS CAFR. The funding objective of each plan, as stated in each plan’s Actuarial Funding Policy, is to achieve a funded ratio of 100% over a closed 30-year period.

The following provides a historical comparison of actual employer contributions to actuarially determined contributions and the historical funded status for the plans for the years shown:

Schedule of Employer Contributions

Year Ended June 30	PSRS			PEERS		
	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency) ⁽¹⁾	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency) ⁽¹⁾
2016	\$643,155,536	\$669,953,683	\$ 26,798,147	\$104,011,593	\$106,654,638	\$ 2,643,045
2015	666,438,984	656,924,899	(9,514,085)	105,739,092	103,624,310	(2,114,782)
2014	608,459,393	643,989,869	35,530,476	98,497,846	100,699,735	2,201,889
2013	507,232,268	634,040,335	126,808,067	87,013,816	97,059,313	10,045,497
2012	720,303,976	620,214,231	(100,089,745)	95,094,785	95,094,785	-

Source: "Schedules of Employer Contributions" in the Financial Section of the 2016 PSRS/PEERS CAFR.

⁽¹⁾ The annual statutory increase in the total contribution rate may not exceed 1.0% of pay for PSRS and 0.5% of pay for PEERS. The limitation on contribution increases resulted in a deficiency for some of the years presented. Contributions were funded to the maximum statutory limit each year.

Schedule of Funding Progress
(Dollar amounts in thousands)

Year Ended June 30	PSRS			PEERS		
	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio
2016	\$35,419,278	\$41,744,619	84.8%	\$4,157,427	\$4,809,666	86.4%
2015	34,073,415	40,610,540	83.9	3,915,199	4,512,317	86.8
2014	31,846,599	38,483,184	82.8	3,584,719	4,211,489	85.1
2013	29,443,147	36,758,165	80.1	3,237,200	3,967,619	81.6
2012	29,013,002	35,588,030	81.5	3,090,880	3,746,347	82.5

Source: "Schedule of Funding Progress" in the Actuarial Section of the 2016 PSRS/PEERS CAFR.

For information specific to the College's participation in PSRS and PEERS, including the College's past contributions and proportionate share of the net pension liability and pension expense of PSRS and PEERS, see the section captioned "Required Supplementary Information" and Note 13 to the financial statements included in **Appendix B** to this Official Statement. For additional information regarding PSRS and PEERS, see the 2016 PSRS/PEERS CAFR.

Other Post-Employment Benefits

The College is required to allow retirees of the College to participate in the group health insurance plan with current employees. The College pays premiums applicable to the group as a whole. Retirees pay 100% of their premiums at the same rate as current employees. The premiums paid by retirees may be lower than they would have been if the retirees were insured separately. This benefit is called an "implicit rate subsidy."

For the fiscal year ended June 30, 2015, the actuarial accrued liability for the College's Other Post-Employment Benefits (the "**OPEB**") was \$6,261,632 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability ("**UAAL**") of \$6,261,632. The covered payroll was \$26,368,011, and the ratio of the UAAL to covered payroll was 23.7%. Valuations of OPEB are performed biannually in odd-numbered years.

Additional information regarding OPEB is included in Note 17 to the audited financial statements included as **Appendix B** to this Official Statement.

Academic Programs and Services

The mission of the College was last revised by the Board in August 2013. The statement of its mission is as follows:

"SCC serves our community by focusing on academic excellence, student success, workforce advancement, and life-long learning within a global society. We celebrate diversity and we enrich the economic and cultural vitality of the region by providing an accessible, comprehensive, and supportive environment for teaching and learning."

In accordance with its goals, the College provides the following programs to meet the needs of the students and the community:

- Pre-baccalaureate programs in preparation for upper-division degrees conferred by four-year colleges and universities.
- Course offerings for one and two-year general studies programs.
- Semi-professional and technical programs relevant to community growth and needs.
- Occupational programs directed toward the acquisition of new skills or the furthering of proficiency in skills already learned.
- Developmental study programs to prepare students for college-level course work and an honors program to enhance the individual talents of students with advanced academic abilities.
- Cultural, instructional and recreational programs for personal development.
- Guidance services for education and career planning, human development, self-identity issues.
- Community educational services including courses, programs, and activities for individuals and organizations.

Enrollment

The College began classes in the summer of 1987. Enrollment for that period, based on full-time equivalency, was 804 students compared to 4,505 students for the fall semester of 2016. The following table sets forth full-time equivalent enrollment figures for the past five years:

<u>Fall Semester</u>	<u>Full-Time Equivalency</u>
2012	5,080
2013	4,860
2014	4,751
2015	4,620
2016	4,505

Enrollment at the College has followed state and national trends. The economic recession starting in 2008 resulted in steady increases in enrollment. As the economy has recovered over the last 5 years, the College's enrollment has declined.

Comparison of Fees/Costs to Other Colleges and Universities

The primary source of revenue for repayment of the Series 2017 Certificates will likely come from tuition and student fees generated from classes offered at the Leased Property and from general unrestricted operating revenues.

The following table shows a comparison of the total charges for a full-time student taking 15 credit hours of classes imposed by the College and selected other Missouri colleges and universities for tuition and fees for an in-state resident (and in-district resident for the relevant community colleges) for the Fall 2016 semester:

<u>College/University</u>	<u>Tuition and Fees</u>
University of Missouri – St. Louis	\$10,065.00
Missouri University of Science and Technology	9,619.76
University of Missouri – Columbia	9,509.22
Missouri State University	7,060.00
Southeast Missouri State University	6,990.00
St. Louis Community College	3,090.00
St. Charles Community College	3,090.00
Mineral Area College	3,080.00
Jefferson College	3,000.00
East Central College	2,850.00

Source: Missouri Department of Higher Education.

The College's tuition rates for the 2016 fiscal year are \$98 per credit hour for students in the taxing district, \$147 per credit hour for students in the State but not in the taxing district, and \$215 per credit hour for out-of-state and international students. See the caption **"FINANCIAL INFORMATION CONCERNING THE COLLEGE – Sources of Funds – Tuition"** herein. The 12 community colleges in Missouri charge fees ranging from \$2,850.00 to \$5,872.50 for a full-time in-district student. The College's fee is \$3,090.00 for a full-time in-district student.

FINANCIAL INFORMATION CONCERNING THE COLLEGE

Accounting and Reporting Practices

The financial statements of the College were organized on the basis of funds and account groups, in conformance with standards issued by the Governmental Accounting Standards Board (“GASB”). The College is considered a special purpose governmental agency engaged only in business-type activities, as defined by GASB Statement No. 34, as amended by GASB Statement No. 35; these standards focus on the College as a whole in comparison with the previous standards, which focused on the separate fund groups. For additional information regarding the College’s accounting policies, see Note 1 to the financial statements included in *Appendix B* to this Official Statement.

The College operates on a fiscal year commencing July 1 of each year and ending on June 30 of the following calendar year (the “Fiscal Year”). The Board annually engages an independent certified public accounting firm to perform an audit of the College’s books of account, financial records and transactions.

Budgeting Process

Budget preparation begins at the departmental level and is forwarded to the division level where strategic priorities are prepared and recommended for all areas of the College. This planning process identifies new positions and capital equipment requests which are prioritized in the Administrative Cabinet. The Vice President for Administrative Services prepares a preliminary budget which is presented to the Administrative Cabinet. Following Cabinet review, the President recommends a budget to the Board. The Board may review and modify the budget. The Board approves a budget prior to June 30 for the next fiscal year.

A public hearing is held to set the property tax rates for the fiscal year. Following this hearing, the Board sets the property tax rates. The College certifies the tax levies to the County prior to October 1 of each year.

Sources of Funds

The College finances its operations through tuition and fees, property taxes, state aid and other sources. For the fiscal year ended June 30, 2016, the portion of the College’s revenue from various sources was as follows:

<u>Source</u>	<u>Amount</u>	<u>%</u>
Operating Revenue:		
Tuition and Fees ⁽¹⁾	\$15,900,100	28.31%
Auxiliary enterprise revenues ⁽²⁾	2,074,859	3.69
Governmental grants and contracts	12,375,060	22.03
Private gifts and contributions	191,575	0.34
Other Operating Revenues	795,348	1.42
Non Operating Revenue:		
Taxes	16,161,976	28.77
State appropriations	8,588,785	15.29
Investment income	84,970	0.15
Other Non Operating Revenues	<u>0</u>	<u>0.00</u>
Total	<u>\$56,172,673</u>	<u>100.00%</u>

Source: College’s Financial Statements for the fiscal year ended June 30, 2016.

⁽¹⁾ This figure is net of scholarship allowances totaling \$2,492,546.

⁽²⁾ This figure is net of scholarship allowances totaling \$36,922.

State Appropriations. Missouri statutes authorize publicly-supported community colleges to receive up to 50% of education expenses from the State. An annual request for State aid is prepared by the Coordinating Board in consultation with the publicly-supported community colleges and submitted to the Governor and the General Assembly.

For the fiscal year ended June 30, 2016, approximately 15.3% of total revenues for the College were derived from State aid. State aid is based on a funding model comprised of two parts that provide for the establishment of a base amount for community colleges and for annual adjustments to be made to the base amount for individual colleges. The two parts of the model are a general core component and an equity redistribution component among the community colleges.

For fiscal year 2014, the State created a performance funding model consisting of five measures: completion/transfer rates; developmental math success rates; developmental English success rates; pass rates for licensure exams and fall-to-spring persistence rates. A sixth performance measure is in development for career/job placement. The measures for developmental math and developmental English may be replaced in the near future. Funding earned by college or university through performance funding achievements becomes part of their future core funding.

State appropriations are made to the Coordinating Board and then distributed in 12 installments to the publicly supported community colleges.

The availability of State aid is subject to annual appropriation by the Missouri General Assembly. Thus, there can be no guarantee that State aid will continue at current levels.

The following table sets forth the State's General Revenue Expenditures for the twelve publicly supported community colleges for the past four fiscal years of the State ended June 30 and the funds appropriated for the fiscal year ending June 30, 2017:

<u>Year</u>	<u>State Expenditure</u>
2013	\$126,890,838
2014	123,212,307
2015	129,321,849
2016	141,139,346
2017	151,874,958 ⁽¹⁾

Source: State of Missouri Budgets.

⁽¹⁾ Amount appropriated.

Tuition. The College intends to repay the Series 2017 Certificates from revenues generated from tuition and student fees generated from classes offered at the Leased Property and from general unrestricted operating revenues.

During the fiscal year ended June 30, 2016, approximately 28.3% of the College's total revenue was derived from tuition and fees. Students pay only a part of the cost of their education with support coming from the State and taxpayers. The following tuition rates applied to the Fall 2016 semester:

In-District Students	\$98 per credit hour
Out-of-District, In-State Students	\$149 per credit hour
Out-of-State and International Students	\$215 per credit hour

Any Missouri resident 65 years and older may enroll in college credit courses on a tuition-free scholarship, except for books and course fees. Additional fees are assessed for technology, Nursing & Allied Health, science labs, art studios and some computer programming courses.

The College remains in the bottom half of the state's 12 community colleges for total tuition and fees.

Statement of Receipts, Expenditures and Fund Balances

The following table shows a summary of historic statements of revenues, expenses and changes in net assets of the College for the fiscal years ended June 30, 2014 through 2016. The table below should be read in conjunction with the financial statements for the fiscal year ended June 30, 2016, audited by Botz, Deal & Co., P.C., including the notes thereto, contained in ***Appendix B*** to this Official Statement. The budget for the fiscal year ending June 30, 2017 is on file at the College and may be obtained upon request.

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**STATEMENT OF RECEIPTS, EXPENDITURES AND FUND BALANCES
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 - JUNE 30, 2015**

	<u>2014</u>	<u>2015</u>	<u>2016</u>
OPERATING REVENUES			
Tuition and Fees ⁽¹⁾	\$ 15,650,080	\$ 15,098,704	\$ 15,900,100
Auxiliary enterprise revenues ⁽¹⁾	2,141,257	2,225,978	2,074,859
Governmental Grants and Contracts	12,104,131	11,215,443	12,375,060
Private gifts and contributions	124,853	342,611	191,575
Other operating revenues	<u>874,805</u>	<u>1,015,977</u>	<u>795,348</u>
TOTAL OPERATING REVENUES	<u>\$ 30,895,126</u>	<u>\$ 29,898,713</u>	<u>\$31,336,942</u>
OPERATING EXPENSES			
Educational and General:			
Instruction	\$ 24,544,359	\$ 22,975,892	\$24,437,201
Institutional support	7,577,946	7,139,236	7,977,601
Operation and maintenance of plant	5,657,696	5,603,956	5,909,525
Student services	3,410,812	3,266,723	3,464,888
Academic support	1,004,549	928,626	1,160,277
Library	964,685	913,793	934,089
Student aid	<u>4,142,866</u>	<u>3,952,060</u>	<u>3,766,378</u>
Total Educational and General	47,302,913	44,780,286	\$47,649,959
Auxiliary enterprise expenditures	2,225,315	2,254,199	\$ 2,188,691
Depreciation	<u>2,611,078</u>	<u>2,646,372</u>	<u>2,649,993</u>
TOTAL OPERATING EXPENSES	<u>\$ 52,139,306</u>	<u>\$ 49,680,857</u>	<u>\$52,488,643</u>
OPERATING INCOME (LOSS)	\$(21,244,180)	\$ (19,782,144)	\$(21,151,701)
NONOPERATING REVENUES (EXPENSES)			
Taxes	\$ 16,286,761	\$ 15,837,558	\$16,161,976
State appropriations	7,375,987	7,977,856	8,588,785
Unrealized gain on investments	-	-	-
Investment income	25,723	54,819	84,970
Gain on disposal of assets	-	2,581,027	-
Interest on capital asset-related debt	(1,519,607)	(1,370,382)	(1,198,553)
Amortization of bond premium	<u>26,659</u>	<u>78,552</u>	<u>89,864</u>
TOTAL NON OPERATING REVENUES (EXPENSES)	<u>\$ 22,195,523</u>	<u>\$ 25,159,430</u>	<u>\$23,727,042</u>
CHANGE IN NET POSITION	\$ 951,343	\$ 5,377,286	\$ 2,575,341
NET POSITION, BEGINNING OF YEAR AS PREVIOUSLY STATED	<u>\$ 46,586,869</u>	<u>\$ 47,538,212</u>	<u>\$30,610,197</u>
Change in accounting principal	-	\$ (22,305,301)	-
NET POSITION, BEGINNING OF YEAR, AS RESTATED⁽²⁾	-	\$ 25,232,911	-
NET POSITION, END OF YEAR	<u>\$ 47,538,212</u>	<u>\$ 30,610,197</u>	<u>\$33,185,538</u>

Source: College's Audited Financial Statements for the fiscal years ended 2014-2016.

⁽¹⁾ This figure is net of scholarship allowances.

⁽²⁾ The "Beginning of the Year Amount" was restated in 2015 because accounting principles were changed.

DEBT STRUCTURE OF THE COLLEGE

Long-Term General Obligation Indebtedness

The College has never defaulted on the payment of any of its debt obligations. The College has the following general obligation indebtedness outstanding:

<u>Name</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
General Obligation Refunding Bonds, Series 2005	\$13,080,000	\$ 5,075,000
General Obligation Refunding Bonds, Series 2009	21,770,000	2,360,000
General Obligation Refunding Bonds, Series 2016	18,185,000	<u>18,185,000</u>
Total		<u>\$25,620,000</u>

Debt Service Requirements

The following schedule shows the debt service requirements for the College's outstanding general obligation bonds:

Fiscal Year Ending <u>June 30</u>	Total Debt Service on all Bonds
2017	\$ 3,648,387.92
2018	3,279,625.00
2019	3,124,150.00
2020	3,026,550.00
2021	3,026,200.00
2022	3,028,750.00
2023	3,024,050.00
2024	3,026,650.00
2025	3,028,400.00
2026	<u>3,026,400.00</u>
TOTALS:	<u>\$31,239,162.92</u>

Legal Debt Capacity

Under Article VI, Section 26(b) of the Constitution of Missouri, the College may incur indebtedness not to exceed 15% of the valuation of taxable tangible property in the College according to the last completed assessment upon the approval of four-sevenths of the qualified voters in the College voting on the proposition at any municipal, primary or general election or two-thirds voter approval on any other election date. The current legal debt limit of the College is approximately \$1,124,864,737, and the College's current legal debt margin is approximately \$1,099,244,737.

Direct and Overlapping Debt

The following table sets forth information relating to the direct and overlapping general obligation debt of the College as of December 31, 2016:

<u>Overlapping Debt</u>	<u>Outstanding Bonds⁽¹⁾</u>	<u>Percent Applicable to the College</u>	<u>Direct and Overlapping Debt</u>
City of St. Charles	\$ 17,010,000	100	\$ 17,010,000
City of St. Peters	41,340,000	100	41,340,000
City of O'Fallon	41,645,000	100	41,645,000
City of Lake St. Louis	10,545,000	100	10,545,000
Ft. Zumwalt R-II S.D.	147,064,907	100	147,064,907
Francis Howell R-III S.D.	143,268,000	100	143,268,000
St. Charles R-VI S.D.	20,060,000	100	20,060,000
Orchard Farm R-V S.D.	27,560,000	100	27,560,000
Wentzville R-IV S.D.	168,650,445	100	168,650,445
St. Charles County Ambulance District	4,695,000	100	4,695,000
Central County Fire Protection District	12,810,000	100	12,810,000
Cottleville Community Fire Protection District	<u>5,070,000</u>	100	<u>5,070,000</u>
Total Overlapping	<u>\$639,718,352</u>		<u>\$639,718,352</u>

Source: St. Charles County Comprehensive Annual Financial Report for Fiscal Year Ended December 31, 2015.

⁽¹⁾ Lease and loan obligations, which are subject to annual appropriation for payment and for which a tax levy cannot be imposed without voter approval, are excluded from this table. The table also excludes neighborhood improvement district bonds that are a general obligation of the issuer but are expected to be paid from special assessments and for which the issuer may not levy a general property tax. The principal amount of neighborhood improvement district bonds for the County is \$3,455,000, for the City of St. Charles is \$40,045,000 and for the City of Wentzville is \$225,000.

Debt Ratios and Related Information⁽¹⁾

Estimated Population, 2015	385,590
Assessed Valuation ⁽²⁾ , 2016	\$7,499,098,248
Estimated Actual Value ⁽²⁾ , 2016	\$33,821,435,680
Outstanding General Obligation Debt	\$25,620,000
Per Capita Direct Debt	\$66.44
Ratio of Direct Debt to Assessed Valuation	0.34%
Ratio of Direct Debt to Estimated Actual Value	0.08%

⁽¹⁾ Because the College is comprised of several taxing districts in the County, the overlapping indebtedness presented above under the caption "**Overlapping Bonded Indebtedness**" is for all of the taxing entities within the County. As a result, the above table does not include per capita overlapping debt or overlapping debt ratios, because it would overstate the amounts for that a particular taxpayer within an individual school district, municipality or fire district within the County would be responsible.

⁽²⁾ Amount does not include assessed valuation attributable to tax increment financing redevelopment areas located within the boundaries of the College.

Lease Obligations

In March 2013, the College entered into a five-year lease agreement with Lindenwood University ("LU") for classroom and office space in a 69,692 square-foot building owned by LU. A lease expense of \$152,089 was paid to LU in fiscal year 2016. The College plans to use the proceeds of the Series 2017

Certificates to purchase the entire building from LU and does not expect to make any more lease payments. The College leases copiers under a five-year lease agreement. The College paid \$22,128 for the lease expense in 2016. The outstanding minimum lease payments due under the aforementioned operating leases total \$274,407.

Future Debt

The College continuously evaluates the needs of its community, infrastructure and facilities. This includes the possible expansion, improvement or maintenance of the College's existing facilities and services. The College does not have immediate plans to make any additional improvements to at this time.

PROPERTY TAX INFORMATION

Property Valuations

Assessment Procedure. All taxable real and personal property within the boundaries of the College is assessed annually by the County Assessor. Missouri law requires that personal property be assessed at 33-1/3% of true value and that real property be assessed at the following percentages of true value:

Residential real property	19%
Agricultural and horticultural real property	12%
Utility, industrial, commercial, railroad and all other real property	32%

In order to maintain equalized assessed valuations, Missouri law requires that each County Assessor, on January 1 of every odd-numbered year, adjust the assessed valuation of all real property located within his or her county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The County Board of Equalization has the authority to adjust and equalize the values of individual properties appearing on the tax rolls.

Certain properties, such as those used for charitable, educational and religious purposes, are excluded from both the real estate ad valorem tax and the personal property tax.

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Current Assessed Valuation.⁽¹⁾ The following table shows the total assessed valuation and the estimated actual valuation by category, of all taxable tangible property (excluding state assessed railroad and utility property) situated within the boundaries of the College according to the assessment of January 1, 2016:

	<u>Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Actual Valuation</u>
Real Estate			
Residential	\$4,877,427,200	19%	\$25,670,669,474
Agricultural	21,942,666	12	182,855,550
Commercial	1,318,092,550	32	4,119,039,219
Locally Assessed Railroad & Utility	<u>31,711,531</u>	32	<u>99,098,534</u>
Total Real Estate	\$6,249,173,947		\$30,071,662,777
Personal Property	\$1,234,877,048	33-1/3	\$ 3,704,631,144
Locally Assessed Railroad & Utility	<u>15,047,253</u>	33-1/3	<u>45,141,759</u>
TOTAL	<u>\$7,499,098,248</u>		<u>\$33,821,435,680</u>

Source: St. Charles County Registrar's Office.

⁽¹⁾ Amounts do not include assessed valuation attributable to tax increment financing redevelopment areas located within the boundaries of the College.

History of Property Valuations. The total assessed valuation of all taxable tangible property situated in the College, excluding valuation estimates for state assessed railroad and utility property, according to the assessments of January 1 in each of the following years has been as follows:

<u>Year</u>	<u>Assessed Valuation⁽¹⁾</u>	<u>% Change</u>
2012	\$7,045,089,543	N/A
2013	6,824,959,543	-3.12%
2014	6,908,182,316	+1.22
2015	7,346,626,053	+6.35
2016	7,499,098,248	+2.08

Source: St. Charles County Registrar's Office.

⁽¹⁾ Amounts do not include assessed valuation attributable to tax increment financing redevelopment areas located within the boundaries of the College.

Property Tax Levies and Collections

Not later than September 30 of each year, the Board sets the rate of tax for the College and files the tax rate with the County Clerk by October 1. The County Clerk is responsible for reviewing the rate of tax to insure that it does not exceed constitutional rate limits.

Taxes are levied on all taxable real and personal property owned as of January 1 in each year. Certain properties, such as those used for charitable, education, and religious purposes, are excluded from ad valorem taxes for both real and personal property.

Real property within the boundaries of the College is assessed by the County Assessor. The County Assessor is responsible for preparing the tax rolls each year and for submitting tax rolls to the County Board of Equalization. The Board of Equalization has the authority to question and determine the proper value of property and then adjust and equalize individual properties appearing on the tax rolls. By statute, tax bills are to be mailed in October; however, the volume of assessment complaints required to be reviewed by the County Board of Equalization can affect the date on which bills are actually mailed.

Payment of tax on real and personal property is due by December 31 after which date they become delinquent and accrue a penalty of one percent per month. The County Collector of Revenue deducts a commission equal to 1.5% of the taxes collected for his services. After such collections and deductions of commission, taxes are distributed according to the taxing body's pro-rata share.

Tax Rates

Debt Service Levy. Once indebtedness has been approved by the requisite percentage of the voters voting therefor and bonds are issued, the College is required under Article VI, Section 26(f) of the Missouri Constitution to levy an annual tax on all taxable tangible property therein sufficient to pay the interest and principal of the indebtedness as they fall due and to retire the same within 20 years from the date of issue. The Board of Trustees may set the tax rate for debt service, without limitation as to the rate or amount, at the level required to make such payments. The debt service levy for 2016 is \$0.0500.

General Fund Levy. The general fund levy cannot exceed the "tax rate ceiling" for the current year without voter approval. The tax rate ceiling, determined annually, is the rate of levy which, when charged against the newly-received assessed valuation of the College for the current year, excluding new construction and improvements, will produce an amount of tax revenues equal to tax revenues for the previous year increased by 5% or the Consumer Price Index, whichever is lower. The tax levy for debt service on the College's general obligation bonds is exempt from the calculations of and limitations upon the tax rate ceiling.

The following table shows the College's adjusted tax levies (per \$100 of assessed valuation) for each of the following calendar years:

<u>Year</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Levy</u>
2012	\$0.1796	\$0.0400	\$0.2196
2013	0.1796	0.0400	0.2196
2014	0.1796	0.0400	0.2196
2015	0.1740	0.0400	0.2140
2016	0.1740	0.0500 ⁽¹⁾	0.2240

Source: College's Audited Financial Statements for Fiscal Years ended June 30, 2013 through 2016.

⁽¹⁾ Historically, the debt service levy has not generated enough funds to cover the College's debt service payments. As a result, the College has been using monies in its General Fund to pay annual shortfalls. On September 19, 2016, the Board approved an increase in the College's debt service levy in order to provide enough funds for the College to pay debt service from the Debt Service Fund alone.

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Tax Collection Record

The following table sets forth tax collection information for the College for the last five calendar years:

<u>Levy Year</u>	<u>Total Taxes Levied</u>	<u>Current Taxes Collected⁽¹⁾</u>		<u>Current & Delinquent Taxes Collected⁽²⁾</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
2011	\$15,797,854	\$14,587,072	92.34%	\$15,695,488	99.35%
2012	16,071,267	15,129,193	94.14	16,449,312	102.35
2013	15,621,737	14,718,157	94.22	15,781,423	101.02
2014	15,838,004	15,086,606	95.26	16,134,305	101.87
2015	16,332,566	15,507,747	94.95	16,387,699	100.34

(1) Taxes Collected includes collections through December 31, 2015.

(2) Current & Delinquent Taxes Collected also includes the current year's protested taxes which have been released.

Major Property Taxpayers

The table below sets forth the 10 largest property taxpayers within the boundaries of the College for 2015 based on such taxpayer's assessed valuation of real estate and personal property:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of College's Total Assessed Valuation</u>
1. Ameristar Casino St. Charles	Gaming Facilities	\$ 90,353,776	1.20%
2. General Motors	Auto Manufacturer	55,311,255	0.74
3. McDonnell Douglas Corp. (Boeing Company)	Manufacturer of Defense Equipment	29,802,015	0.40
4. Union Electric	Utility	28,076,985	0.37
5. Enterprise Rent-A-Car	Car Rental	22,744,212	0.30
6. Mid Rivers Mall LLC	Retail stores	19,158,219	0.26
7. Laclede Gas	Utility	18,203,463	0.24
8. Three T's/Six T's Partnership (True Manufacturing, Inc.)	Manufacturer of Freezers & Coolers	16,794,259	0.22
9. Cuivre River Electric Cooperative	Utility	16,782,172	0.22
10. Airwick Industries, Inc.	Manufacturer of Airwick	<u>14,502,008</u>	<u>0.19</u>
		<u>\$311,728,364</u>	<u>4.14%</u>

Source: St. Charles County Assessor's Office.

GENERAL INFORMATION CONCERNING ST. CHARLES COUNTY

General

The Series 2017 Certificates shall not constitute a debt or liability of St. Charles County, Missouri (the "County"), nor shall they constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The County was organized in 1812 and contains approximately 561 square miles. The County is located approximately 18 miles northwest of the City of St. Louis, Missouri, at the confluence of the Missouri and the Mississippi Rivers.

The County has a diverse economic base that includes industrial, commercial and agricultural enterprises. As of 2015, approximately 11.7% of the 210,699 employment positions in the County were in manufacturing. The County is also a residential community with a majority of its residents commuting to their places of employment outside the County.

Government

The governing body of the County is composed of a legislative body of seven council members and a County Executive. One council member is elected from each of the seven districts of the County. A Council Chair is elected by the County Council from amongst its members and serves a one-year term. The County Executive is elected by the registered voters for a four-year term. The Charter provides that all executive powers of the County are vested in the County Executive.

Other elected administrative officials of the County are: the County Collector, who is responsible for tax billing and collection; the Sheriff, who is responsible for court security, transporting prisoners, process serving and corrections; the Assessor, who is responsible for appraising and recording the value of real estate; the Recorder of Deeds, who is responsible for maintaining the land and marriage records; the Prosecuting Attorney, who is responsible for prosecuting crimes committed within the County; and the Director of Elections, who is responsible for planning and administration of elections within the County.

In addition to the elected officials, the County Executive appoints the following officials: a Director of Administration, a County Counselor, a County Engineer, a County Police Chief, a Medical Examiner, a Director of Government Communications, a Director (Executive Director) of Workforce Development, a Director of Finance, a Director of Family Arena, a Director of Community Development, a Director of Parks and Recreation, a Director of Community Health and the Environment and a County Municipal Judge. In addition, the County Council appoints the Auditor. The County Registrar, who is responsible for keeping records of the proceedings of the County, is appointed by the Director of Finance. Finally, the Circuit Court of St. Charles County appoints a Circuit Clerk and Public Administrator.

Certain key elected and appointed officials of the County are set out below:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Steve Ehlmann	County Executive	December 31, 2018
Joe Brazil	County Council Member	December 31, 2020
Joe Cronin	County Council Member	December 31, 2018
Mike Elam	County Council Member	December 31, 2018
Dave Hammond	County Council Member	December 31, 2020
Terry Hollander	County Council Member	December 31, 2018
Mike Klinghammer	County Council Member	December 31, 2020
John White	County Council Member	December 31, 2018
Joann Leykam	Director of Administration	Appointed by County Executive
Robert Schnur, CPA	Director of Finance	Appointed by County Executive
Keith Hazelwood	County Counselor	Appointed by County Executive
Brent Statler, CPA	Auditor	Appointed by County Council

Property Tax Procedures

The County levies taxes against real property and personal property. Personal property is currently assessed at 33-1/3% of true value, residential property is currently assessed at 19% of true value and agricultural property is assessed at 12% of true value. All other property is assessed at 32% of true value.

Real property and personal property within the County are assessed by the County Assessor. Real property is assessed in accordance with guidelines prepared by the State Tax Commission. Personal property is assessed according to book value.

The County Assessor is responsible for preparing the tax rolls each year and submitting the tax rolls to the County Council. The Board of Equalization has the authority upon appeal to question and determine the proper values of property and then adjust and equalize individual properties appearing on the tax rolls.

Assessed Valuation

The following table sets forth the assessed value and market value of real and personal property in the County for the years 2006 through 2015:

<u>Year</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>
2006	\$6,605,305,633	\$29,503,356,419
2007	7,363,463,592	33,353,698,625
2008	7,757,041,275	34,810,725,671
2009	7,416,093,293	33,180,728,982
2010	7,467,746,290	33,430,048,856
2011	7,043,589,724	31,795,071,874
2012	7,318,675,625	32,688,979,593
2013	7,076,131,636	31,505,602,105
2014	7,207,652,879	32,098,370,019
2015	7,623,672,986	34,079,975,273

Source: St. Charles County Comprehensive Annual Financial Report Fiscal Year Ended December 31, 2015.

Transportation

The County is traversed by eight major highways: Interstate 70, State Highway 370, Interstate 64, U.S. Highway 67, U.S. Highway 61, State Highway 364 and State Routes 79 and 94. Interstate 70 provides direct access to St. Louis, approximately 20 miles east of the County, and to Kansas City, approximately 235 miles west of the City of St. Charles. State Highway 370 was completed in 1996 and serves as an outerbelt from Interstate 70 in St. Peters to Interstate 270 in St. Louis County. State Highway 364 serves as an outerbelt from Interstate 64 in Lake Saint Louis to Interstate 270 in St. Louis County.

Regularly scheduled air passenger and freight service is available at the Lambert St. Louis International Airport located on Interstate 70 in St. Louis County. Two small airports are located in the County.

Rail service is provided by Norfolk Southern and Burlington Northern.

Several national motor carriers maintain terminals within the County. In addition, common motor carriers serve the communities within the County.

The County is located at the junction of the Missouri and Mississippi Rivers, near the center of a 7,000-mile inland water-way system with numerous barge line companies serving industrial centers in 20 states.

Population Statistics for St. Charles County

The County has been the fastest growing county in the State of Missouri for two decades and is one of the fastest growing areas in the nation. The County's population increased by approximately 27% from 2000 to 2010. According to statistics of the Bureau of Census, the population increase over the same period was approximately 10% for the United States and 7% for the State of Missouri. The following table sets forth historical population statistics for the County:

<u>Year</u>	<u>Population</u>	<u>Percentage Change from Previous Census</u>
1930	24,354	N/A
1940	25,562	+ 4.96%
1950	29,834	+16.71
1960	52,970	+77.55
1970	92,954	+75.48
1980	144,107	+55.03
1990	212,907	+46.63
2000	283,883	+33.43
2010	360,485	+26.98

Source: U.S. Department of Commerce, Bureau of Census, Statistics of Population and Census Bureau Estimates.

Income Statistics

The following table presents per capita income⁽¹⁾ for the County and the State of Missouri for the years 2011 through 2015, the latest date for which such information is available:

<u>Year</u>	<u>St. Charles County Per Capita Income</u>	<u>State of Missouri Per Capita Income</u>
2011	\$41,625	\$38,117
2012	43,779	39,851
2013	44,326	39,847
2014	45,434	41,107
2015	47,082	42,300

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

⁽¹⁾ "Per Capita Personal Income" is the annual total personal income of residents divided by the resident population as of March 2016. "Personal Income" is the sum of net earnings by place of residence, rental income of persons, personal dividend income, personal interest income, and transfer payments. "Net Earnings" is earnings by place of work - the sum of wage and salary disbursements (payrolls), other labor income, and proprietors' income - less personal contributions for social insurance, plus an adjustment to convert earnings by place of work to a place-of-residence basis. Personal Income is measured before the deduction of personal income taxes and other personal taxes and is reported in current dollars (no adjustment is made for price changes).

Economic Growth

General. The County has experienced strong growth in its residential, industrial and commercial sectors during the past 20 years. A report prepared for the East-West Gateway Coordinating Council states

that manufacturers have moved to the County because of its central location in the United States, the quality of its transportation network and its expanding resources of labor and materials.

More than half of the firms now located in the County have expanded their physical plants during the past 15 years. More than 25 industrial parks are located within the County. Many large acreage tracts suitable for commercial or industrial usage are available throughout the County.

The Industrial Development Authority of St. Charles County, Missouri, the St. Charles County Economic Development Council and the St. Charles County Economic Development Center promote development in the County. These organizations consult with new industries planning to move to the County. They help the new industries with planning, site location, plant construction, financing and labor aspects of the relocation.

According to a study conducted by the Missouri Economic Research Center, the County has more than twice as much economic influence as any other county in Missouri. The County's four largest communities, O'Fallon, St. Charles, St. Peters and Wentzville, are home to global companies, nationally recognized healthcare facilities and great growth potential.

Employment. The following table shows the Employment by Industry for the County for calendar year 2015, the latest year available:

Employment by Place of Work for Major Industry
St. Charles County, Missouri
(Approximate Number of Jobs)

<u>Industry</u>	<u>2015</u>
Agriculture, forestry, fishing and hunting, and mining	1,347
Arts, entertainment, and recreation, and accommodation, and food service	19,989
Construction	12,975
Educational services, and health care, and social assistance	45,422
Finance and insurance, and real estate and rental and leasing	21,059
Information	5,702
Manufacturing	24,756
Other services, except public administration	10,624
Professional, scientific, management, and administrative and waste management services	21,288
Public administration	6,029
Retail Trade	25,360
Transportation and warehousing, and utilities	9,251
Wholesale trade	<u>6,897</u>
Total	<u>210,699</u>

Source: U.S. Census Bureau, 2015 American Community Survey 1 year Estimates.

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Major Employers. Listed below are the largest public and private employers in the County:

<u>Employer</u>	<u>Product or Service</u>	<u>Employment</u>
CitiMortgage	Financial Services	4,900
MasterCard Worldwide	Financial Services	2,800
Fort Zumwalt School District	Public School	2,777
General Motors Corporation	Automobile Manufacturer	2,300
Francis Howell School District	Public School	2,069
Wentzville School District	Public School	1,755
Ameristar Casino	Casino	1,600
Serco	Consulting Firm	1,500
True Manufacturing	Manufacturer of Refrigeration Equipment	1,475
Verizon Communications	Telecommunications	1,400

Source: County's Comprehensive Annual Financial Report Fiscal Year Ended December 31, 2015 and St. Charles County Economic Development Center.

The following table sets forth the total labor force, number of employed and unemployed workers in the County and, for comparative purposes, the unemployment rates for the County, the State and the United States for 2012 through 2016:

<u>The County Labor Force⁽¹⁾</u>				<u>Unemployment Rates⁽¹⁾</u>		
<u>Year</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Total</u>	<u>The County</u>	<u>State of Missouri</u>	<u>United States</u>
2012	193,572	11,504	205,076	5.6%	7.0%	8.1%
2013	195,486	10,969	206,455	5.3	6.7	7.4
2014	202,249	10,279	212,528	4.8	6.2	6.2
2015	209,011	8,381	217,392	3.9	5.0	5.3
2016 ⁽²⁾	213,563	8,647	222,210	3.9	4.7	5.1

⁽¹⁾ Figures are not seasonally adjusted.

⁽²⁾ Preliminary figures reported in July 2016.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

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Building and Construction Data

The St. Charles County Building Department issues permits for construction in the unincorporated areas of the County. The following table sets forth the number and value of building permits issued by the County for the years 2000 through 2015.

<u>Year</u>	<u>New Residential Dwellings Number</u>	<u>Value</u>	<u>Commercial Value</u>	<u>Total Value⁽¹⁾</u>
2000	504	\$ 84,421,652	\$58,070,250	\$142,491,902
2001	521	93,054,658	18,029,062	111,083,720
2002	494	93,123,471	15,722,003	108,845,474
2003	544	114,053,805	24,661,002	138,714,807
2004	651	137,714,011	36,773,316	174,487,327
2005	526	141,258,101	25,599,444	166,857,545
2006	350	106,022,365	63,264,078	169,286,443
2007	251	76,861,096	63,874,339	140,735,435
2008	123	43,634,618	24,678,712	68,313,330
2009	134	21,840,613	53,779,363	75,619,976
2010	148	29,696,176	6,008,911	35,705,087
2011	86	37,603,207	59,283,284	96,886,491
2012	156	53,549,692	6,776,032	60,325,724
2013	229	81,924,997	10,423,466	92,348,463
2014	204	69,954,514	1,141,565	71,096,079
2015	180	64,220,107	19,925,183	84,145,290

⁽¹⁾ Does not include permits issued for miscellaneous purposes. Neither the price of land nor any contractors' equity is reflected in the value.

Age Distribution

St. Charles County 2010 Population Age Distribution

<u>Age</u>	<u>Population</u>
0-4 years	24,297
5-19	78,103
20-24	21,443
25-44	98,128
45-64	98,136
65+	40,378

Source: U.S. Census Bureau, 2010 Census.

County Services

Education. Primary and secondary education are provided by six public school districts: Fort Zumwalt R-II School District, Francis Howell R-III School District, Orchard Farm R-V School District, Wentzville R-IV School District, St. Charles R-VI School District and Washington School District. All six districts are accredited by the Missouri Department of Elementary and Secondary Education (“DESE”), the highest accreditation status given by DESE. There are a number of private and parochial elementary schools serving approximately 20% of the total K-8 school population. Lewis and Clark Career Center, a part of the St. Charles R-VI School District, provides specialized vocational education for County students.

Post-secondary education is provided by the College and Lindenwood University, both located within the County, and by the numerous institutions of higher education located in the St. Louis metropolitan area, including Saint Louis University, Washington University and the University of Missouri-St. Louis.

The College provides a combination of two-year vocational programs appropriate to the needs of County business and industry, the first two years of basic college courses, and adult education programs that allow County residents to improve job skills and programs to retrain displaced workers and homemakers.

Lindenwood University is a private four-year, liberal arts institution offering more than 200 undergraduate and graduate degree programs to approximately 16,000 students. Continuing adult education at Lindenwood University includes not-for-credit courses, workshops and seminars.

Medical Services. There are six hospitals located in the County with over 800 beds. The largest hospital is SSM Health St. Joseph Hospital, which is a member of SSM Health Care System and has facilities in the cities of St. Charles, Lake St. Louis and Wentzville. SSM Health St. Joseph Hospital - St. Charles has approximately 433 beds. Hospital facilities include a pathology laboratory, a blood bank, an intensive care/coronary care unit, an emergency/trauma center and departments of electrocardiography, physical therapy, nuclear medicine, radiology, psychiatry, obstetrics, and pediatrics. SSM Health St. Joseph Hospital - St. Charles also offers community health programs dealing with prenatal care, diabetes treatment, alcohol usage, drug abuse and mental health. SSM Health St. Joseph Hospital - Lake St. Louis has 122 beds and offers primary and certain secondary level services, including emergency, outpatient, medical, surgical, obstetric, pediatric, intensive care services and cardiovascular services. In addition, the hospital offers 24-hour obstetric care with traditional delivery rooms and birthing suites. In October 2008, SSM Health St. Joseph Hospital - Lake St. Louis opened a comprehensive center for the diagnosis and treatment of cancer. SSM St. Joseph Hospital - Wentzville has approximately 77 beds and offers emergency and ambulatory services, outpatient programs, behavioral health inpatient care and an outpatient chemical dependency program.

Located in the City of St. Peters is Barnes-Jewish St. Peters' Hospital, owned by Barnes-Jewish Hospital, part of the highly acclaimed Washington University Medical Complex located in St. Louis. This 127-bed acute care facility has a medical/surgical unit with three procedure rooms, a newly expanded emergency facilities, cardiology center and woman's center, an outpatient surgery and endoscopy center.

Located in the City of O'Fallon is Progress West Hospital, a member of BJC HealthCare. Progress West Hospital opened in 2007 and has approximately 42 beds. Progress West Hospital offers residents many medical services such as emergency care, cardiac imaging services, on-site laboratory services, orthopedic care, a full range of surgical programs and a birthing center. Progress West Hospital also offers specialized pediatric care through a partnership with St. Louis Children's Hospital.

Centerpointe Hospital, a 150-bed facility located in the City of Weldon Spring, is owned and managed by Little Hills Healthcare LLC. Centerpointe Hospital is a private psychiatric hospital serving the behavioral needs of children, adolescents and adults.

Water Systems. Within the County, the following cities own and operate their own water systems: St. Charles, O'Fallon, St. Peters and Wentzville. The Public Water Supply District No. 2 of St. Charles County, Missouri (the "**District**") supplies water to the City of Wentzville pursuant to an agreement that expires in 2026. The agreement automatically renews for two additional terms of 10 years each unless terminated by notice of either party. The City of O'Fallon only provides water to the residents in the northern portion of its city; the southern portion of the City is serviced by the District. The water needs of the majority of the remaining residents of the County are currently provided by the District. Missouri-American Water Company also serves some customers in the County.

Utilities. Natural gas service is provided by Laclede Gas Company and AmerenUE. Electric service is provided by AmerenUE and Cuivre River Electric Cooperative.

Communications and Media. Telecommunication services are provided to County residents by AT&T, CenturyLink and Charter Communications. Wireless telephone service is offered by numerous providers. In addition to County radio stations, residents of the County also receive St. Louis radio stations and television channels. There are two major newspapers circulated in the County: the *St. Charles Journal* and the *St. Louis Post-Dispatch*. In addition, there are many weekly newspapers and journals published throughout the County.

The St. Charles City-County Library District has three regional branches which have 185,000-200,000 volumes and specialized collections, four general purpose branches which have 85,000-100,000 volumes including general interest subjects and some reference materials, two express branches which have 18,000-25,000 volumes and collections with popular materials and three mini branches containing 18,000-25,000 volumes serving the smaller communities of Augusta, Portage des Sioux, New Melle and the surrounding area. The St. Charles City-County Library District has reciprocal agreements with the St. Louis City and St. Louis County Libraries.

Police and Fire Protection. Police protection is provided by the County's police department, which consists of approximately 187 employees, including approximately 130 commissioned officers. Before January 1, 2015, the County's sheriff department provided police protection; the sheriff department is now responsible for court security, transporting prisoners, process serving and corrections.

The following cities have their own police department: Cottleville, Foristell, Lake St. Louis, New Melle, O'Fallon, St. Charles, St. Peters and Wentzville. There are 10 fire protection districts and one municipal fire department within the County, which operate independently of the County government. The City of St. Charles Fire Department, Central County Fire and Rescue Protection District and the Cottleville Community Fire Protection District are staffed with full-time career firefighters. The Lake St. Louis, New Melle, O'Fallon and Wentzville Fire Protection Districts employ a combination of career and volunteer firefighters to protect their citizens. The Augusta, Old Monroe, Orchard Farm and Rivers Pointe Fire Protection Districts are staffed by volunteers. St. Charles County Ambulance District provides 24-hour transfer service and emergency medical treatment from 15 bases located throughout the County. Ambulance service in the City of St. Charles is provided by the St. Charles Fire Department and supplemented by St. Charles County Ambulance District. The St. Charles County Ambulance District serves the rest of the County.

Recreational Facilities. Residents of the County enjoy life in a pleasant community with an excellent park system, historical sights and recreational facilities. Within the County there are numerous public parks, tennis courts, swimming pools and golf courses, including the Katy Trail State Park, a hiking and biking trail along the route of the Missouri-Kansas-Texas Railroad, which ceased operation in 1986. Other attractions in the County include the Family Arena, the August A. Busch Wildlife Preserve, consisting of approximately 7,000 acres of land near Weldon Spring with facilities for hunting, fishing and hiking, the historic districts in the City of St. Charles with many historic buildings, antique shops and home-style restaurants, and Missouri's first state capitol.

Located in adjacent St. Louis County and the nearby City of St. Louis are many recreational and cultural facilities available to residents of the County, including the St. Louis Arch, St. Louis Zoo, Missouri Botanical Gardens, St. Louis Cardinals baseball, St. Louis Blues hockey and the St. Louis Symphony.

* * *

APPENDIX B

INDEPENDENT AUDITOR'S REPORT

AND

THE COLLEGE'S AUDITED FINANCIAL STATEMENTS

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ST. CHARLES COMMUNITY COLLEGE

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2016 AND 2015**

ST. CHARLES COMMUNITY COLLEGE

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INDEPENDENT AUDITORS' REPORT



***The Board of Trustees
ST. CHARLES COMMUNITY COLLEGE***

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of St. Charles Community College as of and for the years ended June 30, 2016 and 2015, which collectively comprise the College's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of St. Charles Community College, as of June 30, 2016 and 2015, and the respective changes in financial position and, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

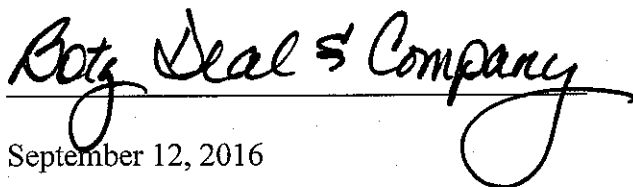
Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules and schedule of funding progress on pages 3 through 8 and 40 through 42 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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2016, on our consideration of St. Charles Community College'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 the report is to describe the scope of our testing of internal control over financial reporting and compliance and the result 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 St. Charles Community College's internal control over financial reporting and compliance.


September 12, 2016

**ST. CHARLES COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

INTRODUCTION

Management's discussion and analysis is an overview of the financial position and activities of St. Charles Community College (the College). It should be read in conjunction with the financial statements and notes that follow. The financial statements include the St. Charles Community College Foundation, Inc. (the Foundation) as a discretely presented component unit. The Foundation issues separate financial statements, which can be obtained by contacting the Foundation office.

There are three financial statements presented: the Statement of Net Position; the Statement of Activities; and, the Statement of Cash Flows. The emphasis of the discussion concerning the financial statements is on the current year data.

STATEMENT OF NET POSITION

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows and net position of the College as of June 30, 2016 and 2015. The purpose of the Statement of Net Position is to present a snapshot of the financial condition of the College. Total net position, which is total assets and deferred outflows less total liabilities and deferred inflows, is one of the indicators of the current financial condition of the College.

Assets and liabilities are categorized as current or non-current. Current assets and liabilities mature or become payable within the current twelve-month accounting cycle versus non-current, which mature or become payable after the current twelve-month accounting cycle. At June 30, 2016, the current assets consist primarily of cash, cash equivalents, short-term investments, accounts receivable, taxes receivable, bookstore inventory, and other assets. Non-current assets consist primarily of property and equipment. Property and equipment are the capital assets owned by the College.

Net position is presented in three categories: net investment in capital assets, restricted and unrestricted. Restricted net position is generally those assets that are restricted for various grant projects and services. Unrestricted net position is available to meet current expenses for any lawful purpose.

The following table shows the College's net position at June 30, 2016, 2015 and 2014:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Current assets	\$ 29,037,849	\$ 28,318,165	\$ 26,863,107
Non-current assets	<u>59,428,764</u>	<u>60,180,073</u>	<u>62,440,071</u>
Total Assets	<u>88,466,613</u>	<u>88,498,238</u>	<u>89,303,178</u>
Deferred outflows	<u>9,546,631</u>	<u>3,396,769</u>	<u>-</u>
Current liabilities	7,836,293	7,039,122	7,961,916
Non-current liabilities	<u>50,744,693</u>	<u>46,058,633</u>	<u>33,803,050</u>
Total Liabilities	<u>58,580,986</u>	<u>53,097,755</u>	<u>41,764,966</u>
Deferred inflows	<u>6,246,720</u>	<u>8,187,055</u>	<u>-</u>
Net invested in capital assets	32,342,543	30,375,019	28,765,434
Restricted	918,181	757,717	577,667
Unrestricted	<u>(75,186)</u>	<u>(522,539)</u>	<u>18,195,111</u>
Total Net Position	<u>\$ 33,185,538</u>	<u>\$ 30,610,197</u>	<u>\$ 47,538,212</u>

STATEMENT OF ACTIVITIES

The Statement of Activities reflects the financial results for the fiscal year. This statement includes revenues and expenses, both operating and non-operating.

Operating revenues and expenses are those for which there is a direct exchange of goods and services. Non-operating revenues and expenses are those that exclude the specific, direct exchange of goods and services. Local property tax revenue and state aid are examples of non-operating revenues where the local taxpayers and the state legislature, respectively, do not receive goods and services directly for the revenue. Examples of operating revenues are tuition and fees and auxiliary revenues where students and patrons receive a direct benefit in exchange for goods and services provided.

The following summarizes the College's revenues, expenses, and changes in net position for the years ended June 30, 2016, 2015 and 2014:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating revenues	\$ 31,336,942	\$ 29,898,713	\$ 30,895,126
Operating expenses	<u>52,488,643</u>	<u>49,680,857</u>	<u>52,139,306</u>
Operating Loss	(21,151,701)	(19,782,144)	(21,244,180)
Non-operating revenues (expenses)	<u>23,727,042</u>	<u>25,159,430</u>	<u>22,195,523</u>
Change in Net Position	2,575,341	5,377,286	951,343
Net position, beginning of the year	30,610,197	47,538,212	46,586,869
Change in accounting principle	<u>-</u>	<u>(22,305,301)</u>	<u>-</u>
Net position, end of the year	\$ <u>33,185,538</u>	\$ <u>30,610,197</u>	\$ <u>47,538,212</u>

One of the financial strengths of the College is the diversity of resources that support student tuition and fees. The following table reflects the revenues, both operating and non-operating for the years ended June 30, 2016, 2015 and 2014:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating Revenues			
Tuition and fees	\$ 15,900,100	\$ 15,098,704	\$ 15,650,080
Grants and contracts	12,375,060	11,215,443	12,104,131
Auxiliary enterprises	2,074,859	2,225,978	2,141,257
Other revenues	<u>986,923</u>	<u>1,358,588</u>	<u>999,658</u>
Total Operating Revenues	<u>31,336,942</u>	<u>29,898,713</u>	<u>30,895,126</u>
Non-operating Revenues			
Local property tax revenues	16,161,976	15,837,558	16,286,761
State appropriations	8,588,785	7,977,856	7,375,987
Investment income	84,970	54,819	25,723
Gain on disposal of assets	<u>-</u>	<u>2,581,027</u>	<u>-</u>
Total Non-operating Revenues	\$ <u>24,835,731</u>	\$ <u>26,451,260</u>	\$ <u>23,688,471</u>

Operating revenues increased overall. Revenue from tuition and fees increased due to slight increases in tuition rates and the establishment of a new science lab fee and art fee. Revenue from grants increased from the prior year. State appropriations for general operations increased due to an allocation of equity funding for Missouri community colleges and the College achieving its performance funding objectives.

Listed below are the components of expenses, both operating and non-operating, for the College during fiscal years 2016, 2015 and 2014 by their natural classification:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating Expenses			
Salaries and benefits	\$ 36,408,290	\$ 33,554,893	\$ 33,955,327
Supplies and materials	8,373,710	8,302,232	10,395,835
Utilities and insurance	1,290,272	1,225,300	1,034,200
Student aid	3,766,378	3,952,060	4,142,866
Depreciation	2,649,993	2,646,372	2,611,078
Total Operating Expenses	<u>52,488,643</u>	<u>49,680,857</u>	<u>52,139,306</u>
Non-operating Expenses			
Interest on capital asset related debt	1,198,553	1,370,382	1,519,607
Amortization	(89,864)	(78,552)	(26,659)
Total Non-operating Expenses	<u>\$ 1,108,689</u>	<u>\$ 1,291,830</u>	<u>\$ 1,492,948</u>

Expenses for salaries and benefits increased due to the general salary increase for College employees and the market adjustment for full-time faculty. Salaries expenses also reflect amounts recorded in accordance with GASB 68. Utilities increased due to higher electric service costs. Insurance premium renewals increased for general liability and workers compensation insurance. Changes in student aid fluctuate based on eligibility levels and enrollment.

The following shows the functions of operating expense for the College for the fiscal years 2016, 2015 and 2014:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Instruction	\$ 24,437,201	\$ 22,975,892	\$ 24,544,359
Institutional support	7,977,601	7,139,236	7,577,946
Operation and maintenance of plant	5,909,525	5,603,956	5,657,696
Student services	3,464,888	3,266,723	3,410,812
Academic support	1,160,277	928,626	1,004,549
Library	934,089	913,793	964,685
Student aid	3,766,378	3,952,060	4,142,866
Auxiliary services	2,188,691	2,254,199	2,225,315
Depreciation	2,649,993	2,646,372	2,611,078
Total Operating Expenses	<u>\$ 52,488,643</u>	<u>\$ 49,680,857</u>	<u>\$ 52,139,306</u>

STATEMENT OF CASH FLOWS

The Statement of Cash Flows presents the cash activity for the fiscal year. This statement shows the major sources and uses of cash. The following is a summary of the statement of cash flows for the years ended June 30, 2016, 2015 and 2014:

	2016	2015	2014
Cash provided (used) by:			
Operating activities	\$ (19,265,271)	\$ (19,194,329)	\$ (18,071,388)
Non-capital financing activities	24,875,045	23,831,514	23,746,887
Capital financing activities	(5,773,736)	(3,018,365)	(4,846,759)
Investing activities	(960,507)	(2,632,572)	264,318
Net change in cash and cash equivalents	(1,124,469)	(1,013,752)	1,093,058
Cash and cash equivalents, beginning of year	3,316,227	4,329,979	3,236,921
Cash and cash equivalents, end of year	\$ 2,191,758	\$ 3,316,227	\$ 4,329,979

CAPITAL ASSETS AND DEBT ADMINISTRATION

The College replaced an HVAC Cooling Tower during fiscal year 2016. The capitalized cost of the project amounted to \$617,831.

The College had \$26,845,000 in General Obligation Refunding Bonds outstanding at June 30, 2016. Principal retirement payments of \$2,535,000 were made on these outstanding bond issues. Further information related to the bonds payable can be found in the footnotes to the financial statements.

ECONOMIC OUTLOOK

Budgeted revenue for general operations for fiscal year 2017 is 0.8% lower than the previous fiscal year budget. The downward pressure on funding experienced over the last five fiscal years appears to be continuing.

Enrollment is projected to decline by 6.5% in the total number of credit hours for fiscal year 2017 compared to actual results for fiscal year 2016. This follows enrollment for fiscal year 2016 that was 2.6% below fiscal year 2015. For fiscal year 2017, the in-district tuition rate is unchanged at \$98 per credit hour and the out-of-state tuition rate remains at \$215 per credit hour. The out-of-district tuition rate was increased to \$149 per credit hour.

The College's fiscal year 2017 appropriation from the State of Missouri is budgeted to increase by 9.2% from the fiscal year 2016 budgeted amount. Included in this increase are appropriations for successfully achieving four of five performance measures and a proportional share of \$4.5 million in equity funding to be divided among the Missouri community colleges.

The fiscal year 2017 budget for local property tax revenues anticipates an increase of 0.8% from the fiscal year 2016 budgeted amount. The value of property in the College's district will not be reassessed in fiscal year 2017, therefore changes in overall property values are expected to be minimal.

The expenditure budget for fiscal year 2017 includes new Department of Public Safety officers to be located at the Nursing and Allied Health Facility. The budget also includes funding for a Department of Public Safety officer turnover reduction plan and the reclassification of a Diversity Director position.

The expenditure budget includes continued support for the Honors Program; matching funds for grants; and continued funding for a career progression compensation consultant.

A Memorandum of Understanding (MOU) was reached with the full-time faculty association effective at the start of fiscal year 2015 (effective July 1, 2014) and continuing through fiscal year 2020 (ending June 30, 2020). In accordance with the MOU, compensation terms may be reopened for discussion prior to fiscal year 2018. Among other important considerations, the faculty agreement provides a general salary increase plus market adjustments annually for each full-time faculty member for fiscal year 2015 through fiscal year 2017.

Current and foreseeable financial resources support the College's educational mission. The financial plan continues to allow students to receive a quality education at an affordable cost. The College continues to operate from a strong financial base.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors with a general overview of the College's finances.

If you have any questions about this report or need additional information, contact:

Vice President for Administrative Services
4601 Mid Rivers Mall Drive
Cottleville, MO 63376-2865

ST. CHARLES COMMUNITY COLLEGE
STATEMENTS OF NET POSITION - PRIMARY GOVERNMENT
JUNE 30, 2016 AND 2015

ASSETS	2016	2015
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,191,758	\$ 3,316,227
Investments	22,428,822	21,423,232
Accounts receivable	2,611,490	1,893,972
Interest receivable	60,670	20,784
Taxes receivable	400,851	525,135
Inventory	704,828	850,282
Prepaid expenses	639,430	288,533
TOTAL CURRENT ASSETS	29,037,849	28,318,165
NONCURRENT ASSETS		
Capital assets, net	59,428,764	60,180,073
TOTAL NONCURRENT ASSETS	59,428,764	60,180,073
TOTAL ASSETS	88,466,613	88,498,238
DEFERRED OUTFLOWS		
Pension related deferred outflows	9,546,631	3,396,769
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	673,267	494,809
Accrued payroll expenses	1,516,301	1,210,877
Interest payable	419,522	467,053
Advance student fees	1,772,713	1,579,329
Retainage payable	107,822	-
Deposits	2,305	2,785
Current portion of compensated absences	569,499	659,405
Current portion of bond premium	89,864	89,864
Current portion of long-term debt	2,685,000	2,535,000
TOTAL CURRENT LIABILITIES	7,836,293	7,039,122
NONCURRENT LIABILITIES		
Compensated absences	696,746	658,879
Other post-employment benefits obligation	3,615,018	2,841,350
Net pension liability	22,121,572	15,378,214
Bond premium, net	151,357	241,221
Long-term debt	24,160,000	26,938,969
TOTAL NONCURRENT LIABILITIES	50,744,693	46,058,633
TOTAL LIABILITIES	58,580,986	53,097,755
DEFERRED INFLOWS		
Pension related deferred inflows	6,246,720	8,187,055
NET POSITION		
Net invested in capital assets	32,342,543	30,375,019
Restricted for special projects	918,181	757,717
Unrestricted	(75,186)	(522,539)
TOTAL NET POSITION	\$ 33,185,538	\$ 30,610,197

The accompanying notes are an integral part of these financial statements.

ST. CHARLES COMMUNITY COLLEGE
ST. CHARLES COMMUNITY COLLEGE FOUNDATION, INC. - COMPONENT UNIT
STATEMENTS OF NET POSITION
JUNE 30, 2016 AND 2015

ASSETS

	2016	2015
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,003,441	\$ 405,387
Investments	228,735	219,070
Accounts receivable	11,400	7,925
Contributions receivable	25,000	164,750
TOTAL CURRENT ASSETS	<u>1,268,576</u>	<u>797,132</u>
OTHER ASSETS		
Limited partnership interest	-	1
Contributions receivable	92,818	123,990
Cash surrender value	30,275	29,418
TOTAL OTHER ASSETS	<u>123,093</u>	<u>153,409</u>
TOTAL ASSETS	<u><u>\$ 1,391,669</u></u>	<u><u>\$ 950,541</u></u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES		
Accounts payable	\$ 137,963	\$ 307,645
Unearned revenue	12,442	-
TOTAL CURRENT LIABILITIES	<u>150,405</u>	<u>307,645</u>
NET ASSETS		
Unrestricted	779,652	103,753
Temporarily restricted	382,557	461,188
Permanently restricted	79,055	77,955
TOTAL NET POSITION	<u>1,241,264</u>	<u>642,896</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 1,391,669</u></u>	<u><u>\$ 950,541</u></u>

The accompanying notes are an integral part of these financial statements.

ST. CHARLES COMMUNITY COLLEGE
STATEMENTS OF ACTIVITIES - PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
OPERATING REVENUES		
Tuition and fees, net of scholarship allowances of \$2,492,546 and \$2,930,839, respectively	\$ 15,900,100	\$ 15,098,704
Auxiliary enterprise revenues, net of scholarship allowances of \$36,922 and \$34,889, respectively	2,074,859	2,225,978
Governmental grants and contracts	12,375,060	11,215,443
Private gifts and contributions	191,575	342,611
Other operating revenues	795,348	1,015,977
TOTAL OPERATING REVENUES	31,336,942	29,898,713
OPERATING EXPENSES		
Educational and General:		
Instruction	24,437,201	22,975,892
Institutional support	7,977,601	7,139,236
Operation and maintenance of plant	5,909,525	5,603,956
Student services	3,464,888	3,266,723
Academic support	1,160,277	928,626
Library	934,089	913,793
Student aid	3,766,378	3,952,060
Total Educational And General	47,649,959	44,780,286
Auxiliary enterprise expenditures	2,188,691	2,254,199
Depreciation	2,649,993	2,646,372
TOTAL OPERATING EXPENSES	52,488,643	49,680,857
OPERATING INCOME (LOSS)	(21,151,701)	(19,782,144)
NONOPERATING REVENUES (EXPENSES)		
Taxes	16,161,976	15,837,558
State appropriations	8,588,785	7,977,856
Investment income	84,970	54,819
Gain on disposal of assets	-	2,581,027
Interest on capital asset-related debt	(1,198,553)	(1,370,382)
Amortization of bond discount	89,864	78,552
TOTAL NONOPERATING REVENUES (EXPENSES)	23,727,042	25,159,430
CHANGE IN NET POSITION	2,575,341	5,377,286
NET POSITION, BEGINNING OF YEAR	30,610,197	25,232,911
NET POSITION, END OF YEAR	\$ 33,185,538	\$ 30,610,197

The accompanying notes are an integral part of these financial statements.

ST. CHARLES COMMUNITY COLLEGE
ST. CHARLES COMMUNITY COLLEGE FOUNDATION, INC. - COMPONENT UNIT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT				
Contributions	\$ 47,396	\$ 123,816	\$ 1,100	\$ 172,312
Special events	116,132	-	-	116,132
Change in value of split-interest agreements	-	(8,349)	-	(8,349)
In-kind contributions	199,282	-	-	199,282
TOTAL PUBLIC SUPPORT	362,810	115,467	1,100	479,377
OTHER INCOME				
Gain on sale of investment	649,999	-	-	649,999
Unrealized gain on investments	-	4,823	-	4,823
Investment income	1,340	-	-	1,340
TOTAL OTHER INCOME	651,339	4,823	-	656,162
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of purpose restrictions	198,921	(198,921)	-	-
TOTAL PUBLIC SUPPORT AND OTHER INCOME	1,213,070	(78,631)	1,100	1,135,539
EXPENSES				
Program	320,893	-	-	320,893
Administrative	76,433	-	-	76,433
Fundraising	139,845	-	-	139,845
TOTAL EXPENSES	537,171	-	-	537,171
CHANGE IN NET POSITION	675,899	(78,631)	1,100	598,368
NET POSTION, BEGINNING OF YEAR	103,753	461,188	77,955	642,896
NET POSITION, END OF YEAR	\$ 779,652	\$ 382,557	\$ 79,055	\$ 1,241,264

The accompanying notes are an integral part of these financial statements.

ST. CHARLES COMMUNITY COLLEGE
ST. CHARLES COMMUNITY COLLEGE FOUNDATION, INC. - COMPONENT UNIT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT				
Contributions	\$ 42,175	\$ 348,336	\$ 450	\$ 390,961
Special events	78,377	-	-	78,377
Change in value of split-interest agreements	-	(4,755)	-	(4,755)
In-kind contributions	190,061	-	-	190,061
TOTAL PUBLIC SUPPORT	310,613	343,581	450	654,644
OTHER INCOME				
Unrealized gain on investments	-	6,904	-	6,904
Investment income	544	-	-	544
TOTAL OTHER INCOME	544	6,904	-	7,448
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of purpose restrictions	352,368	(352,368)	-	-
TOTAL PUBLIC SUPPORT AND OTHER INCOME	663,525	(1,883)	450	662,092
EXPENSES				
Program	491,300	-	-	491,300
Administrative	58,617	-	-	58,617
Fundraising	133,031	-	-	133,031
	682,948	-	-	682,948
CHANGE IN NET POSITION	(19,423)	(1,883)	450	(20,856)
NET POSITION, BEGINNING OF YEAR	123,176	463,071	77,505	663,752
NET POSITION, END OF YEAR	\$ 103,753	\$ 461,188	\$ 77,955	\$ 642,896

The accompanying notes are an integral part of these financial statements.

ST. CHARLES COMMUNITY COLLEGE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from tuition and fees	\$ 15,904,628	\$ 15,122,628
Cash received from grants and contracts	12,105,994	11,427,046
Cash received from auxiliary enterprise charges	4,219,642	4,652,478
Cash paid to suppliers	(22,005,113)	(19,558,827)
Cash paid to employees	(26,710,967)	(28,244,182)
Cash paid as grants	(3,766,378)	(3,952,060)
Other receipts	986,923	1,358,588
NET CASH USED BY OPERATING ACTIVITIES	<u>(19,265,271)</u>	<u>(19,194,329)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from taxes collected	16,286,260	15,853,658
Cash received from state appropriations	8,588,785	7,977,856
Direct loan receipts	2,717,467	3,654,653
Direct loan disbursements	(2,717,467)	(3,654,653)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>24,875,045</u>	<u>23,831,514</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Proceeds from disposal of assets	-	2,727,550
Purchases of capital assets	(1,898,683)	(250,990)
Principal payments on debt and capital leases	(2,628,969)	(4,072,938)
Interest payments on debt and capital leases	(1,246,084)	(1,421,987)
NET CASH USED BY CAPITAL FINANCING ACTIVITIES	<u>(5,773,736)</u>	<u>(3,018,365)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	26,256,236	25,559,519
Interest on investments	45,084	42,845
Purchase of investments	(27,261,827)	(28,234,936)
NET CASH USED BY INVESTING ACTIVITIES	<u>(960,507)</u>	<u>(2,632,572)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,124,469)	(1,013,752)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>3,316,227</u>	<u>4,329,979</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u><u>\$ 2,191,758</u></u>	<u><u>\$ 3,316,227</u></u>

The accompanying notes are an integral part of these financial statements.

**RECONCILIATION OF OPERATING LOSS
TO NET CASH USED BY OPERATING ACTIVITIES**

	<u>2016</u>	<u>2015</u>
OPERATING INCOME (LOSS)	\$ (21,151,701)	\$ (19,782,144)
 ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Depreciation	2,649,993	2,646,372
(Increase) decrease in assets:		
Accounts receivable	(717,518)	517,747
Inventory	145,454	(289,833)
Prepaid expenses	(350,897)	(25,433)
(Increase) decrease in deferred outflows	(6,149,862)	-
Increase (decrease) in liabilities:		
Accounts payable	178,458	(350,315)
Accrued payroll expenses	305,424	(812,338)
Compensated absences	(52,039)	65,259
Advance student fees	193,384	242,390
Retainage payable	107,822	-
Deposits	(480)	51
Other post employment benefits obligation	773,668	730,716
Net pension liability	6,743,358	(2,136,801)
Increase (decrease) in deferred inflows	(1,940,335)	-
TOTAL ADJUSTMENTS	<u>1,886,430</u>	<u>587,815</u>
 NET CASH USED BY OPERATING ACTIVITIES	 <u>\$ (19,265,271)</u>	 <u>\$ (19,194,329)</u>

The accompanying notes are an integral part of these financial statements.

ST. CHARLES COMMUNITY COLLEGE
ST. CHARLES COMMUNITY COLLEGE FOUNDATION, INC. - COMPONENT UNIT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Public support and donations received	\$ 459,127	\$ 362,514
Cash paid to suppliers	(50,178)	(50,870)
Cash paid as grants	(381,337)	(149,611)
Cash paid for educational activities	(76,056)	(79,589)
Interest received	1,340	544
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(47,104)</u>	<u>82,988</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(4,842)	(20,909)
Proceeds from sale of investments	650,000	3,724
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>645,158</u>	<u>(17,185)</u>
NET INCREASE IN CASH	598,054	65,803
CASH - BEGINNING OF THE YEAR	<u>405,387</u>	<u>339,584</u>
CASH - END OF THE YEAR	<u><u>\$ 1,003,441</u></u>	<u><u>\$ 405,387</u></u>

The accompanying notes are an integral part of these financial statements.

**RECONCILIATION OF CHANGE IN NET POSITION
TO NET CASH USED BY OPERATING ACTIVITIES**

	<u>2016</u>	<u>2015</u>
CHANGE IN NET POSITION	<u>\$ 598,368</u>	<u>\$ (20,856)</u>
 ADJUSTMENTS TO RECONCILE CHANGE IN NET POSITION TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Unrealized gain on investments	(4,823)	(6,904)
Gain on sale of investment	(649,999)	-
(Increase) decrease in assets:		
Accounts receivable	(3,475)	10,940
Contributions receivable	170,922	(112,474)
Cash surrender value	(857)	(535)
Increase (decrease) in liabilities:		
Accounts payable	(169,682)	212,817
Unearned revenue	12,442	-
TOTAL ADJUSTMENTS	<u>(645,472)</u>	<u>103,844</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u><u>\$ (47,104)</u></u>	 <u><u>\$ 82,988</u></u>
 SUPPLEMENTAL INFORMATION		
Donated services	<u><u>\$ 199,282</u></u>	<u><u>\$ 190,061</u></u>

The accompanying notes are an integral part of these financial statements.

ST. CHARLES COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – The College, formed in 1986, is governed by a six member Board of Trustees and administered by the President. The College is accredited by the State of Missouri and by the Higher Learning Commission, a voluntary organization.

GASB Statement 14, as amended by GASB Statement 61, has been applied in determining the financial reporting entity of the College. Statement 61 requires the financial reporting entity to include the following:

- the primary government;
- other organizations for which the primary government is financially accountable;
- any for-profit corporations of which the primary government holds a majority ownership for the purpose of directly facilitating provision of government services; and
- any other organization whose exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In evaluating the College as a reporting entity, management has addressed all potential component units which may or may not fall within the College's reporting entity because of the significance of their operational or financial relationships with the College. Included in these financial statements is the financial data of St. Charles Community College Foundation, Inc., a discretely presented component unit and St. Charles Community College Educational Facilities Authority, a blended component unit.

The College is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

Discretely Presented Component Unit – St. Charles Community College Foundation, Inc. (the Foundation) is a nonprofit organization formed to support the mission of the St. Charles Community College and activities in the field of education. The Foundation is a legally separate, tax exempt component unit of the College. The Foundation receives revenue primarily through fundraising efforts and contributions, which are used to provide scholarships to students attending the College and grants to the College for various educational purposes. The Foundation has issued separate financial statements for the fiscal year ended June 30, 2016. These statements may be obtained by contacting the St. Charles Community College Foundation.

Blended Component Unit – St. Charles Community College Education Facilities Authority (the Authority) is a nonprofit organization formed for the purpose of benefiting and carrying out the purposes of the College, by providing for the acquisition, construction, improvement, extension, repair, remodeling, renovation, financing and refinancing of sites, buildings, structures, facilities, furnishings and equipment for the benefit or use of the College for its authorized purposes. The Authority had no financial transactions during the year ended June 30, 2016. The College has begun procedures to dissolve the Authority.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Basis of Presentation – For financial reporting purposes, the College is considered a special purpose governmental agency engaged only in business-type activities, as defined by GASB Statement No. 34, *Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments*, as amended by Statement No. 35, *Basic Financial Statements – Management’s Discussion and Analysis – for Public Colleges and Universities*; Statement No. 37, *Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments: Omnibus*; and Statement No. 38, *Certain Financial Statement Disclosures*. Accordingly, the College’s financial statements have been presented on the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Classification of Net Position – The College’s net position is classified as follows:

Net investment in capital assets represents the College’s total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted, expendable net position includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted, nonexpendable net position includes resources in which the principal must remain in perpetuity.

Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and auxiliary enterprises. While unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees, it is available for use, at the discretion of the governing board, to meet current expenses for any purpose.

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the College’s policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

Contributions – All contributions received by the Foundation are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted support that increases those net asset classes.

Donated Services – Donated services for the Foundation are recorded as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

Cash and Cash Equivalents – The College and Foundation consider all highly liquid debt instruments with an original maturity of three months or less from the date of acquisition to be cash equivalents.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Scholarship Allowances and Student Financial Aid – Student tuition and fees, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other federal, state or nongovernmental programs, are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues for such programs are used to satisfy tuition and fees and certain other student charges, the College has recorded a scholarship discount and allowance.

Budget Policy – The budget is prepared under the direction of the College President. The budget is based upon information provided by the various department heads through the planning process and results in a college-wide plan being submitted and approved. The Office of Administrative Services is responsible for preparing the preliminary budget and submitting it to the President. The President submits the preliminary budget to the Board of Trustees for final approval in June. The Board of Trustees may revise items contained in the final budget.

Investments – The College's investment policies are governed by the Treasurer of the State of Missouri, which authorizes the College to invest in obligations of the U.S. Treasury and U.S. Government agencies, State Governments, local governments within Missouri and collateralized certificates of deposit. Investments in marketable securities with readily determinable fair values are stated at fair market value.

The Foundation's investments in marketable securities with readily determinable fair values are stated at fair market value. Investments that do not have readily determinable fair market values are recorded at cost, the equity method or the fair market value at the date of the gift depending on the Foundation ownership interest.

Inventory – Inventory consists of textbooks and related bookstore items as well as food service items held for resale. The inventory is stated at the lower of cost or market value on a first-in, first-out basis.

Prepaid items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Cash surrender value of life insurance – The cash surrender value of two Universal Life insurance policies, included in the Statements of Financial Position for the years ending June 30, 2016 and 2015, amounted to \$30,275 and \$29,418, respectively. The policies, owned by the Foundation, were established by a member of the board of directors and the former Executive Director as the insured parties. These individuals contribute an amount to the Foundation equal to the premiums paid by the Foundation for the policies. The death benefit on the policies will be paid to the Foundation as the beneficiary.

Bond Discount/Premium – Bond discounts and premiums are amortized over the life of the bonds. Amortization for the years ended June 30, 2016 and 2015 amounted to \$89,864 and \$78,552, respectively.

Accounts Receivable – Accounts receivable consists of balances due from students for tuition and other fees as well as government and other businesses for various other program related charges. Very few accounts are written off, because the College has the potential to collect outstanding debts through the State of Missouri's Debt Offset Program. The allowance for doubtful accounts totals \$780,240 and \$717,687 at June 30, 2016 and 2015, respectively. Approximately, 57% and 29%, respectively, of the College's outstanding accounts receivable are due from one local manufacturer, the Missouri Department of Education and the State of Missouri.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (*continued*)

Capital Assets – All capital expenditures of \$5,000 or more having an estimated life of more than one year are capitalized at cost or fair market value, if donated. Depreciation is recorded using the straight-line method over the estimated service lives as follows:

<u>Major Group</u>	<u>Life</u>
Buildings	40 years
Land improvements	15 years
Equipment and furniture	5 – 10 years
Vehicles	5 years
Leased equipment	5 years

Depreciation expense for the years ended June 30, 2016 and 2015 was \$2,649,993 and \$2,646,372, respectively.

Advertising – The College and Foundation follow the policy of charging the cost of advertising to expense as incurred. Advertising expense for the primary government was \$413,546 and \$382,291 for the years ended June 30, 2016 and 2015, respectively. For the component unit, advertising expense amounted to \$2,390 and \$1,894 for the years ended June 30, 2016 and 2015, respectively.

Income Taxes – The Foundation qualifies as a nonprofit organization and is exempt from Federal and State income taxes pursuant to Internal Revenue Code Section 501(c)(3). The Foundation does not have unrelated business income, excise taxes, or activities that would threaten the Foundation's tax-exempt status. Accordingly, no provision for Federal or State income taxes is provided. The Foundation files an information return, IRS Form 990. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a).

The Foundation adopted the provisions relating to Accounting for Uncertainty in Income Taxes and management is not aware of any uncertain tax provisions of the Foundation related to tax filings.

Pensions – Financial reporting information pertaining to the district's participation in the Public School Retirement System of Missouri and the Public Education Employee Retirement System of Missouri ("PSRS" and "PEERS", also referred to as the Systems) is prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

The fiduciary net position, as well as additions to and deductions from the fiduciary net position, of PSRS/PEERS have been determined on the same basis as they are reported by the Systems. The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing the Systems. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade date basis. The fiduciary net position is reflected in the measurement of the district's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense. A Comprehensive Annual Financial Report ("CAFR") can be obtained at www.psrs-peers.org.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Operating and Nonoperating activities – Operating activities are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Federal grant revenue consisting primarily of Pell grants and SEOG grants are reported as operating revenue as these funds replace an equal amount of tuition revenue and/or directly related to the principal operations of the College. Nonoperating activities include state appropriations, property taxes and interest.

Expense Allocation – The costs of providing various programs and other activities for the Foundation have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

2. CASH AND INVESTMENTS

Primary government:

Custodial credit risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The College's cash balance is held at one financial institution. Collateral is required for demand and time deposits. Obligations that may be pledged as collateral are of the same type in which the College may invest. Obligations to secure deposits are held by the College's agent bank or in the agent bank's joint-custody account at the Federal Reserve Bank. All of the bank balance was insured by federal depository insurance or collateralized by securities as follows at June 30, 2016.

Total bank deposits	\$	13,459,649
FDIC insured		(250,000)
Pledged collateral held by pledging institution		<u>(13,209,649)</u>
Uninsured bank deposits	\$	<u><u>-</u></u>

The College follows the Missouri Model Investment Policy as its formal investment policy.

Interest rate risk – The College minimizes the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by (1) structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and; (2) investing operating funds primarily in shorter-term securities.

The College's investment balances and maturities at June 30, 2016 are as follows:

Investment Type	Fair Value	Less than 6 months	6 -12 months	More than 1 year
U.S. Agency securities	\$ 10,978,060	\$ 5,973,478	\$ 5,004,582	\$ -
U.S. Treasury securities	2,005,762	1,002,403	1,003,359	-
Certificates of deposit	9,445,000	5,445,000	3,000,000	1,000,000
TOTAL	<u>\$ 22,428,822</u>	<u>\$ 12,420,881</u>	<u>\$ 9,007,941</u>	<u>\$ 1,000,000</u>

2. CASH AND INVESTMENTS (*continued*)

The College's investment balances and maturities at June 30, 2015 were as follows:

Investment Type	Fair Value	Less than 6 months	6 -12 months	More than 1 year
U.S. Agency securities	\$ 12,039,093	\$ 7,001,193	\$ 5,037,900	\$ -
U.S. Treasury securities	2,524,139	1,014,559	1,509,580	-
Certificates of deposit	6,860,000	4,360,000	2,500,000	-
TOTAL	\$ 21,432,232	\$ 12,375,752	\$ 9,047,480	\$ -

Credit risk – The College's investment policies are governed by the Treasurer of the State of Missouri, which authorizes the College to invest in obligations of the U.S. Treasury and U.S. Government agencies, State Governments, local governments within Missouri and collateralized certificates of deposit. These investments are rated AA+ by Standard & Poor's.

Concentration of credit risk – The College's policy is to diversify investments to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer, or specific class of security. At a minimum, the maximum security type and issuer shall be:

U.S. Treasuries and securities having principal and/or interest guaranteed by the U.S. government	100%
Collateralized time and demand deposits	100
U.S. Government agencies, and government-sponsored enterprises	60
Collateralized repurchase agreements	50
U.S. Government agency callable securities	30

Investments in any one issuer that represent 5% or more of total College investments are as follows:

Investment Type	2016 Percentage Of Investments	2015 Percentage Of Investments
Certificates of deposit	42 %	31%
U.S. Treasury securities	9 %	12%
U.S. Agency securities	49 %	57%

Component unit:

The Foundation maintains its cash in one financial institution located in St. Charles County. The carrying amount of the cash at June 30, 2016 was \$1,003,441 and the bank balance was \$1,004,773. The account is guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. The amount of uninsured cash is \$754,773 as of June 30, 2016. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

The Foundation's investments consist of the following at June 30:

	2016			2015		
	Cost	Market Value	Unrealized Gain	Cost	Market Value	Unrealized Gain
Mutual funds	\$ 167,315	\$ 228,735	\$ 61,420	\$ 163,570	\$ 219,070	\$ 55,500

3. LIMITED PARTNERSHIP INTEREST

The limited partnership interest consisted of a 98.9% interest in a limited partnership. During fiscal year 2008, the limited partnership interest was written down to \$1 as the future value could not be determined with any certainty. In 2016, the partnership interest was redeemed resulting in a gain on the sale of the partnership interest of \$649,999.

4. CONTRIBUTIONS RECEIVABLE

The Foundation has been named the beneficiary in a Charitable Remainder Unitrust. This unconditional promise to give will be received upon the death of the donor. Based on the life expectancy of the donor, the contribution is expected to be received in approximately 7 years. In addition, the Foundation has an unconditional promise to give from a local company. The gift is paid in quarterly payments of \$6,250 for four years beginning in the third quarter of 2013.

The contributions have been recorded at the present value of the estimated future cash flows using a discount rate of 3.5% at June 30, 2016. No allowance for uncollectible receivables has been included in the financial statements as all amounts are considered collectible as follows:

	2016	2015
Less than one year	\$ 25,000	\$ 164,750
One – five years	-	25,000
More than five years	118,089	128,059
Total contributions receivable	143,089	317,809
Less: discounts to net present value	(25,271)	(29,069)
Net contributions receivable	\$ 117,818	\$ 288,740

5. FAIR VALUE MEASUREMENTS

Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using level 3 inputs are based primarily on assumptions about the marketability of the assets.

Fair values of assets measured on a recurring basis at June 30, 2016 are as follows:

	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Primary government:				
U.S. Agency securities	\$ 10,978,060	\$ 10,978,060	\$ -	\$ -
U.S. Treasury securities	2,005,762	2,005,762	-	-
Certificates of deposit	9,445,000	9,445,000	-	-
TOTAL	\$ 22,428,822	\$ 22,428,822	\$ -	\$ -
Component unit:				
Mutual Funds	\$ 228,735	\$ 228,735	\$ -	\$ -
Contributions receivable	117,818	-	-	117,818
TOTAL	\$ 346,553	\$ 228,735	\$ -	\$ 117,818

5. FAIR VALUE MEASUREMENTS *(continued)*

Fair values of assets measured on a recurring basis at June 30, 2015 are as follows:

	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Primary government:				
U.S. Agency securities	\$ 12,039,093	\$ 12,039,093	\$ -	\$ -
U.S. Treasury securities	2,524,139	2,524,139	-	-
Certificates of deposit	6,860,000	6,860,000	-	-
TOTAL	<u>\$ 21,432,232</u>	<u>\$ 21,432,232</u>	<u>\$ -</u>	<u>\$ -</u>
Component unit:				
Mutual Funds	\$ 219,070	\$ 219,070	\$ -	\$ -
Ltd Partnership Interest	1	-	-	1
Contributions Receivable	288,740	-	-	288,740
TOTAL	<u>\$ 507,811</u>	<u>\$ 219,070</u>	<u>\$ -</u>	<u>\$ 288,741</u>

6. PROPERTY TAX

The College's property tax is levied in September of each year based on the assessed value listed as of the prior January 1st for all property located in the College's district. Property taxes are due by December 31st, following the levy date, and a lien is placed on the property as of January 1st if the taxes are not paid by the due date. Assessed values are established by the County Assessor subject to review by the Board of Equalization. The assessed value for property located in the County was \$7,458,277,082.

The College is permitted by Missouri State Statutes to levy taxes for various purposes. The following presents the College's levy for the fiscal years ended June 20, 2016 and 2015:

	2016	2015
Operations	\$ 0.1740	\$ 0.1796
Debt retirement	0.0400	0.0400

7. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2016 is as follows:

	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 7,098,424	\$ -	\$ -	\$ 7,098,424
Construction in progress	-	969,152	-	969,152
Total capital assets, not being depreciated	<u>7,098,424</u>	<u>969,152</u>	<u>-</u>	<u>8,067,576</u>
Capital assets, being depreciated:				
Buildings and improvements	74,093,492	617,831	-	74,711,323
Land improvements	9,591,177	-	-	9,591,177
Equipment and furniture	6,070,278	261,455	(25,944)	6,305,789
Vehicles	<u>406,750</u>	<u>50,246</u>	<u>(69,575)</u>	<u>387,421</u>
Total capital assets, being depreciated	<u>90,161,697</u>	<u>929,532</u>	<u>(95,519)</u>	<u>90,995,710</u>
Less, accumulated depreciation for:				
Buildings and improvements	(28,729,512)	(1,853,624)	-	(30,583,136)
Land improvements	(4,125,550)	(287,463)	-	(4,413,013)
Equipment and furniture	(3,906,765)	(466,126)	25,944	(4,346,947)
Vehicles	<u>(318,221)</u>	<u>(42,780)</u>	<u>69,575</u>	<u>(291,426)</u>
Total accumulated depreciation	<u>(37,080,048)</u>	<u>(2,649,993)</u>	<u>95,519</u>	<u>(39,634,522)</u>
Total capital assets, being depreciated, net	<u>53,081,649</u>	<u>(1,720,461)</u>	<u>-</u>	<u>51,361,188</u>
Total capital assets, net	\$ <u>60,180,073</u>	\$ <u>(751,309)</u>	\$ <u>-</u>	\$ <u>59,428,764</u>

7. CAPITAL ASSETS *(continued)*

A summary of changes in capital assets for the year ended June 30, 2015 is as follows:

	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 7,244,947	\$ -	\$ (146,523)	\$ 7,098,424
Capital assets, being depreciated:				
Buildings and improvements	74,093,492	-	-	74,093,492
Land improvements	9,591,177	-	-	9,591,177
Equipment and furniture	5,790,948	518,790	(239,460)	6,070,278
Vehicles	404,055	14,107	(11,412)	406,750
Total capital assets, being depreciated	89,879,672	532,897	(250,872)	90,161,697
Less, accumulated depreciation for:				
Buildings and improvements	(26,876,616)	(1,852,896)	-	(28,729,512)
Land improvements	(3,829,271)	(296,279)	-	(4,125,550)
Equipment and furniture	(3,689,999)	(456,226)	239,460	(3,906,765)
Vehicles	(288,662)	(40,971)	11,412	(318,221)
Total accumulated depreciation	(34,684,548)	(2,646,372)	250,872	(37,080,048)
Total capital assets, being depreciated, net	55,195,124	(2,113,475)	-	53,081,649
Total capital assets, net	\$ 62,440,071	\$ (2,113,475)	\$ (146,523)	\$ 60,180,073

8. ACCUMULATED UNPAID VACATION AND SICK LEAVE

The College's employees earn vacation during the year, which may accumulate to a maximum of 44 days. Accrued vacation time is payable to the employee upon termination. The total liability for vacation is \$1,266,245 and \$1,318,284 at June 30, 2016 and 2015, respectively. Sick leave may be accumulated up to a maximum of 120 days. The College's employees have accumulated sick leave of \$4,242,421 and \$4,158,271 at June 30, 2016 and 2015, respectively. Accrued sick leave is cancelled upon termination of an employee; therefore, no liability has been accrued.

9. NONCURRENT LIABILITIES

Bonds payable consist of the following issues at June 30:

	2016	2015
General Obligation Refunding Bonds, Series 2005, payable in annual installments through February, 2018, interest at 4.0 to 5.25%	\$ 5,075,000	\$ 7,610,000
General Obligation Refunding Bonds, Series 2009, payable in annual installments through February 2026, interest at 3.5% to 4.0%	21,770,000	21,770,000
TOTAL BONDS PAYABLE	\$ 26,845,000	\$ 29,380,000

The annual requirements to pay principal and interest on long-term obligations outstanding at June 30, 2016, excluding capital leases and accrued compensated absences payable, are as follows:

	Principal	Interest	Total
2017	\$ 2,685,000	\$ 1,118,725	\$ 3,803,725
2018	2,390,000	984,475	3,374,475
2019	2,360,000	859,000	3,219,000
2020	2,450,000	776,400	3,226,400
2021	2,550,000	678,400	3,228,400
2022-2026	14,410,000	1,775,200	16,185,200
Total	\$ 26,845,000	\$ 6,192,200	\$ 33,037,200

Total interest incurred on capital asset-related debt amounted to \$1,198,553 and \$1,370,382 in 2016 and 2015, respectively. These amounts are included in interest expense in the Statement of Revenues, Expenses and Changes in Net Position/Assets.

The following is a summary of the changes in long-term liabilities as of June 30, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds - Series 2005	\$ 7,610,000	\$ -	\$ 2,535,000	\$ 5,075,000	\$ 2,685,000
General Obligation Bonds - Series 2009	21,770,000	-	-	21,770,000	-
Bond Discount/Premium, net	331,085	-	89,864	241,221	89,864
Capital leases	93,969	-	93,969	-	-
Compensated Absences	1,318,284	-	52,039	1,266,245	569,499
OPEB Obligation	2,841,350	837,279	63,611	3,615,018	-
Net pension liability	15,378,214	6,743,358	-	22,121,572	-
TOTAL	\$ 49,342,902	\$ 7,580,637	\$ 2,834,483	\$ 54,089,056	\$ 3,344,363

In July 2014, the College entered into a Master Taxable Lease/Purchase Agreement to upgrade network equipment in the amount of \$281,907 for a period of three years. Payments of \$93,969 and \$187,938 were made during 2016 and 2015, respectively. The net carrying value of the assets acquired under this capital lease is \$183,239 at June 30, 2016.

9. NONCURRENT LIABILITIES *(continued)*

The following is a summary of the changes in long-term liabilities as of June 30, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Leasehold Revenue Bonds - Series 2004	\$ 1,475,000	\$ -	\$ 1,475,000	\$ -	\$ -
General Obligation Bonds - Series 2005	10,020,000	-	2,410,000	7,610,000	2,535,000
General Obligation Bonds - Series 2009	21,770,000	-	-	21,770,000	-
Bond Discount/Premium, net	409,637	-	78,552	331,085	89,864
Capital lease	-	281,907	187,938	93,969	-
Compensated Absences	1,253,025	65,259	-	1,318,284	659,405
Net pension liability	-	15,378,214	-	15,378,214	-
OPEB Obligation	2,110,634	819,261	88,545	2,841,350	-
TOTAL	\$ 37,038,296	\$ 16,544,641	\$ 4,238,035	\$ 49,342,902	\$ 3,284,269

10. IN-KIND CONTRIBUTIONS

For the year ended June 30, 2016 and 2015, respectively, the College paid salaries and benefits totaling \$199,282 and \$190,061 for staff providing services to the Foundation. These amounts are included in in-kind contributions and the corresponding expenses for the Foundation in the financial statements.

11. ENDOWMENTS

The endowments of the Foundation consist of individual donor-restricted funds established for a variety of purposes. In accordance with FASB ASC 958-305-45, net position associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment balances are included in investments in the Statements of Financial Position. Permanently restricted endowment balances include the original value at the date of gift.

The Board of Directors of the Foundation has interpreted the State of Missouri enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation classifies as permanently restricted net position (a) the original value of the gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment that is not classified in permanently restricted net position is classified as temporarily restricted net position until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, the endowment assets are invested in a manner that is intended to produce results while assuming a moderate level of investment risk.

11. ENDOWMENTS *(continued)*

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved both through capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation has a policy for distribution of funds each year based on a maximum of three percent of its endowment fund's average fair value over the prior 12 quarters through the fiscal year-end preceding the year in which the funds will be awarded. In establishing this policy, the Foundation considered the long-term expected rate of return on its endowment assets.

The changes in endowment net assets for the year ended June 30, 2016 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net position, July 1, 2015	\$ 142,776	\$ 77,955	\$ 220,731
Contributions	9,295	1,100	10,395
Investment return:			
Investment income, net of realized gains and expenses	-	-	-
Net appreciation	4,823	-	4,823
Net position released from restriction	(2,750)	-	(2,750)
Endowment net position, June 30, 2016	\$ 154,144	\$ 79,055	\$ 233,199

The changes in endowment net position for the year ended June 30, 2015 were as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net position, July 1, 2014	\$ 120,063	\$ 77,505	\$ 197,568
Contributions	20,709	450	21,159
Investment return:			
Investment income, net of realized gains and expenses	-	-	-
Net appreciation	6,904	-	6,904
Net position released from restriction	(4,900)	-	(4,900)
Endowment net position, June 30, 2015	\$ 142,776	\$ 77,955	\$ 220,731

12. FUNCTIONAL CLASSIFICATION OF EXPENSES

The functional classification of expenses for the Foundation as of June 30, 2016 is as follows:

	Program	Administrative	Fundraising	Total
Salaries	\$ 40,664	\$ 54,359	\$ 61,276	\$ 156,299
Payroll taxes/benefits	11,183	14,949	16,851	42,983
Advertising/printing	-	82	2,308	2,390
Community activities	-	-	1,811	1,811
Grants	197,171	-	-	197,171
Miscellaneous	-	-	13,559	13,559
Outside services	-	6,380	43,683	50,063
Scholarships	71,875	-	-	71,875
Supplies	-	663	357	1,020
TOTAL	\$ 320,893	\$ 76,433	\$ 139,845	\$ 537,171

The functional classification of expenses for the Foundation as of June 30, 2015 is as follows:

	Program	Administrative	Fundraising	Total
Salaries	\$ 38,648	\$ 45,482	\$ 64,937	\$ 149,067
Payroll taxes/benefits	10,628	12,508	17,858	40,994
Advertising/printing	-	55	1,839	1,894
Community activities	-	-	430	430
Grants	355,271	-	-	355,271
Miscellaneous	-	-	281	281
Outside services	434	-	47,465	47,899
Scholarships	83,973	-	-	83,973
Supplies	2,346	572	221	3,139
TOTAL	\$ 491,300	\$ 58,617	\$ 133,031	\$ 682,948

13. RETIREMENT PLANS

Plan Description. PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of PSRS, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the state of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070 (9) RSMo, known as the "2/3's statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount.

PEERS is a mandatory cost-sharing multiple employer retirement system for all public school district employees (except the school districts of St. Louis and Kansas City), employees of the Missouri Association of School Administrators, and community college employees (except the Community College of St. Louis). Employees of covered districts who work 20 or more hours per week on a regular basis and who are not contributing members of the Public School Retirement System of Missouri (PSRS) must contribute to PEERS. Employees of PSRS who do not hold Missouri educator certificates also contribute to PEERS.

13. RETIREMENT PLANS (*continued*)

PEERS was established as a trust fund by an Act of the Missouri General Assembly effective October 13, 1965. Statutes governing the System are found in Sections 169.600 - 169.715 and Sections 169.560-169.595 RSMo. The statutes place responsibility for the operation of PEERS on the Board of Trustees of the Public School Retirement System of Missouri.

Benefits Provided. PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor is used to calculate benefits for members who have 31 or more years of service. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

PEERS is a defined benefit plan providing service retirement and disability benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for "Rule of 80" or "30-and-out" are entitled to an additional temporary .8% benefit multiplier until reaching minimum Social Security age (currently age 62). Actuarially age-reduced retirement benefits are available with five years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

Summary Plan Descriptions detailing the provisions of the plan can be found on the Systems' website at www.psrs-peers.org.

Cost-of-Living Adjustments ("COLA"). The system's Board of Trustees has established a policy of providing a 2.00% COLA for years in which the CPI increases between 0.00% and 5.00%. If the CPI increase is greater than 5.00%, the Board will provide a COLA of 5.00%. If the CPI decreases, no COLA is provided. For any PSRS member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. For PEERS members such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2016 and 2015. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay. Contributions for employees of the State of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo.

13. RETIREMENT PLANS (*continued*)

PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2016 and 2015. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The district's contributions to PSRS and PEERS were \$2,180,400 and \$762,325 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the district recorded a liability of \$18,334,604 for its proportionate share of PSRS' net pension liability and \$3,786,968 for its proportionate share of PEERS' net pension liability. In total the College recorded net pension liabilities of \$22,121,572. The net pension liability for the plans in total was measured as of June 30, 2015 and determined by an actuarial valuation as of that date. The College's proportionate share of the total net pension liability was based on the ratio of its actual contributions paid to PSRS and PEERS of \$2,085,438 and \$736,516, respectively, for the year ended June 30, 2015 relative to the actual contributions of \$656,578,122 for PSRS and \$102,864,099 for PEERS from all participating employers. At June 30, 2015, the College's proportionate share was 0.3176% for PSRS and 0.7160% for PEERS.

For the year ended June 30, 2016, the College recognized pension expense of \$1,188,180 for PSRS and \$407,706 for PEERS, its proportionate share of the total pension expense.

At June 30, 2016, the district reported deferred outflows of resources and deferred inflows of resources from the following sources related to PSRS and PEERS pension benefits:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance of Deferred Outflows and Inflows Due to:		
Differences between expected and actual experience	\$ 2,348,785	\$ 53,077
Change of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	4,031,727	5,867,800
Changes in proportion and differences between employer contributions and proportionate share of contributions	223,394	325,843
Employer contributions subsequent to measurement date	2,942,725	-
TOTAL	\$ 9,546,631	\$ 6,246,720

Amounts reported as deferred outflows of resources resulting from contribution subsequent to the measurement date of June 30, 2015 will be recognized as a reduction to the net pension liability in the year ended June 30, 2016.

13. RETIREMENT PLANS *(continued)*

Other amounts reported as collective deferred (inflows) / outflows of resources to be recognized in pension expense:

Year Ending June 30:	PSRS	PEERS	TOTAL
2017	\$ (381,516)	\$ (157,233)	\$ (538,749)
2018	(381,516)	(157,233)	(538,749)
2019	(381,516)	(107,977)	(489,492)
2020	1,185,083	213,492	1,398,575
2021	348,777	-	348,777
Thereafter	176,822	-	176,822
TOTAL	\$ 566,136	\$ (208,951)	\$ 357,185

Actuarial Assumptions

Actuarial valuations of the Systems involves estimates of the reported amount and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The last experience study was conducted in 2011 and the next experience study is scheduled for 2016.

Significant actuarial assumptions and other inputs used to measure the total pension liability:

- Measurement Date	June 30, 2015
- Valuation Date	June 30, 2015
- Inflation	2.50%
- Total Payroll Growth for PSRS	3.50% per annum, consisting of 2.50% inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings, and 0.50% of real wage growth.
- Total Payroll Growth for PEERS	3.75% per annum, consisting of 2.50% inflation, 0.75% additional inflation due to the inclusion of health care costs in pension earnings, and 0.50% of real wage growth.
- Future Salary Increases for PEERS	5.00% - 12.00%, depending on service and including 2.50% inflation, 0.75% additional inflation due to the inclusion of health care costs in pension earnings, and real wage growth of 1.75% to 8.75%.
- Cost-of-Living Increases for PSRS	2.0% compounded annually, beginning on the second January after retirement and capped at 80% lifetime increase.
- Cost-of-Living Increases for PEERS	2.0% compounded annually, beginning on the fourth January after retirement and capped at 80% lifetime increase.

- Mortality Assumption
 - Actives: RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA.
 - Non-Disabled Retirees, Beneficiaries and Survivors for PSRS: RP 2000 Mortality Table set back one year for both males and females, then projected to 2016 using Scale AA.
 - Non-Disabled Retirees, Beneficiaries and Survivors for PEERS: RP 2000 Mortality Table set forward one year for males and no set back/forward for females, then projected to 2016 using Scale AA.
 - Disabled Retirees: RP 2000 Disabled Mortality Table
- Changes in Actuarial Assumptions and Methods

There were no changes in actuarial assumptions or methods for the June 30, 2015 valuation.
- Fiduciary Net Position

The Systems issue a publicly available financial report that can be obtained at www.psrs-peers.org
- Expected Rate of Return

The long-term expected rate of return on the Systems' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of 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 Systems' target allocation as of June 30, 2015 is summarized below along with the long term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cashflows.

Asset Class	Target Asset Allocation	Long-term Expected Real Return Arithmetic Basis	Weighted Long-Term Expected Real Return Arithmetic Basis
U.S. Public Equity	27.0%	5.85%	1.58%
Public Credit	12.0%	2.44%	0.29%
Hedged Assets	6.0%	5.22%	0.31%
Non-U.S. Public Equity	15.0%	6.64%	1.00%
U.S. Treasuries	16.0%	1.01%	0.16%
U.S. TIPS	4.0%	1.12%	0.04%
Private Credit	2.0%	7.61%	0.15%
Private Equity	10.5%	8.61%	0.90%
Private Real Estate	7.5%	4.60%	0.35%
Total	100.0%		4.78%
Inflation			2.50%
Long-term arithmetical nominal return			7.28%
Effect of covariance matrix			0.81%
Long-term expected geometric return			8.09%

- Discount Rate

The discount rate used to measure the total pension liability was 8.00% as of June, 30, 2015, and is consistent with the long-term expected geometric return on the Systems' investments. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Discount Rate Sensitivity

The sensitivity of the College's net pension liability to changes in the discount rate is presented below. The College's net pension liability calculated using the discount rate of 8.0% is presented as well as the net pension liability using a discount rate that is 1.0% lower (7.0%) or 1.0% higher (9.0%) than the current rate.

	Discount Rate	1% Decrease (7.00%)	Current Rate (8.00%)	1% Increase (9.00%)
PSRS	Proportionate share of the Net Pension Liability/ (Asset)	\$ 33,720,671	\$ 18,334,604	\$ 5,412,022
PEERS	Proportionate share of the Net Pension Liability/ (Asset)	7,645,265	3,786,968	525,112

In addition, the College has established a 403(b) tax sheltered annuity plan available to all full-time and part-time employees. Participants make contributions to the plan through payroll deductions up to the annual limits established by the Internal Revenue Service. The College does not contribute to this plan.

14. RELATED PARTY TRANSACTIONS

The Foundation raises money for St. Charles Community College (the College) to finance various projects and scholarships. The College pays the salaries and benefits of the Foundation's employees. These are recorded as in-kind contributions, which amounted to \$199,282 and \$190,061 for the years ended June 30, 2016 and 2015, respectively. During the years ended June 30, 2016 and 2015, the Foundation made grants to the College totaling \$197,171 and \$355,271, respectively. The Foundation made payments to a company owned by a member of the board of directors totaling \$0- and \$9,905 during the years ended June 30, 2016 and 2015, respectively.

15. INDUSTRIAL JOBS TRAINING CERTIFICATES

Under state legislation to provide tax-aided training for employees of industries which are new to or expanding their operations within the State of Missouri, the College has issued Industrial New Jobs Training Taxable Certificates and Industrial Retained Jobs Training Program Certificates. The certificates are to be repaid by payroll tax withholdings related to the new jobs created. If such funds are not sufficient to repay the debt, then other withholding taxes paid by the employer shall be applied. A special trust fund is maintained for the deposit of tax withholdings received from the state and to disburse amounts payable for program costs and debt service. The certificates do not constitute indebtedness of the College and, accordingly, are not included in the accompanying statement of net position. The College has no obligation to repay the debt should the certificate holder become unable to fulfill the obligation.

16. OPERATING LEASES

In March 2013, the College entered into a five-year lease agreement with Lindenwood University for classroom and office space. The lease terms were effective August 1, 2013. In June 2016, the lease was amended due to Lindenwood's intention to sell the property and the College's intention to vacate the property in August 2017. Lease expense of \$152,089 and \$150,006 was incurred for the years ended June 30, 2016 and 2015, respectively.

In April 2015, the College entered into a five-year lease agreement for a copier. Lease expense of \$22,128 and \$95,916 was incurred for the years ended June 30, 2016 and 2015, respectively.

Future minimum lease payments under the operating leases are as follows:

2017	\$	197,128
2018		36,711
2019		22,128
2020		18,440
TOTAL	\$	<u>274,407</u>

17. OTHER POST EMPLOYMENT BENEFITS

The College is required to allow retirees of the College to participate in the group health insurance plan with current employees. The College pays premiums applicable to the group as a whole. Retirees pay 100% of their premiums at the same rate as current employees with specific contribution from the College. The premiums paid by retirees may be lower than they would have been if the retirees were insured separately. This benefit is called an "implicit rate subsidy." To comply with the applicable provisions of GASB Code Section P50, the College records a liability, as calculated by an actuary, to recognize the additional cost to the College of the participating retirees who benefit from the lower group health insurance plan premium rates and, because of their age, are most likely not paying 100% of the true cost of the medical benefits they receive.

Biannual valuations are performed using the projected unit credit method, with a 30 year level dollar amortization. The assumed medical inflation rate of 10% is reduced by 0.5% per annum to an ultimate trend rate or 5% with an assumed discount rate of 6% per annum. The baseline discount rate assumes that the College will not prefund its retiree medical program. The discount rate is based on the expected earnings of the College's general fund.

Net OPEB Obligation (NOO)

The College's annual other post-employment benefit cost of the plan year is as follows:

	2016	2015
Annual required contribution	\$ 837,279	\$ 837,279
Interest on Net OPEB Obligation (6%)	170,481	126,638
NOO adjustment to the ARC	<u>(145,547)</u>	<u>(144,656)</u>
Annual OPEB cost	862,213	819,261
Amount paid by employer (pay as you go)	<u>(88,545)</u>	<u>(88,545)</u>
Change in NOO	773,668	730,716
Beginning of year NOO	<u>2,841,350</u>	<u>2,110,634</u>
End of year NOO	\$ <u>3,615,018</u>	\$ <u>2,841,350</u>

17. OTHER POST EMPLOYMENT BENEFITS *(continued)*

Funded Status and Funding Progress – As of June 30, 2015, the most recent actuarial valuation available, the College does not fund the plan. The actuarial accrued liability for benefits was \$6,261,632 and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,261,632. The covered payroll was \$26,368,011, and the ratio of the UAAL to covered payroll was 23.7%.

The schedule of funding progress is presented as RSI following the notes to the financial statements.

Trend Information – Other Post-Employment Benefits

Year Ended <u>June 30</u>	Annual Required <u>OPEB Cost</u>	Annual <u>Contribution Made</u>	Percentage <u>Contributed</u>	Net OPEB <u>Obligation</u>
2014	\$ 657,709	\$ 63,950	9.7 %	\$ 2,110,634
2015	819,261	88,544	10.8	2,841,350
2016	862,213	88,545	10.3	3,615,018

The Actuarial Accrued Liability is determined as the present value of benefits accrued to date, where the accrued benefit for each member is the pro-rata portion (based on services to date) of the projected benefit payable at death, disability, retirement, or termination.

Actuarial valuations of an ongoing plan involve estimates of 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 healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

18. CONTINGENCIES

From time to time, the College is a party to various pending claims and legal actions arising in the ordinary course of its operations. Although the outcome of such matters cannot be forecast with certainty, in the opinion of management, all such matters are adequately covered by insurance, or if not covered, are without merit or involve amounts such that an unfavorable disposition would not have a material effect on the financial statements of the College.

The College receives federal, state and local grants that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. The College's management believes such disallowances, if any, will not have a material effect on the basic financial statements.

19. COMMITMENTS

During 2016, the College entered into contracts for the construction of a parking lot and the renovation of several campus buildings amounting to \$2,891,074. The balances remaining to be paid on these contracts total \$1,915,538 at June 30, 2016.

20. SUBSEQUENT EVENT

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through September 12, 2016, the date the financial statements were available to be issued.

21. PENDING GOVERNMENTAL ACCOUNTING STANDARDS

The effect on the College's financial statements of the following statements issued, but not yet adopted, has not yet been determined.

This report does not incorporate GASB Statement No. 72, Fair Value and Measurement, GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of FASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Government, GASB State No. 77, Tax Abatement Disclosures, GASB Statement No. 78, Pensions Provided through Certain Multiple Employer Defined Benefit Pensions plans and GASB Statement No. 79, Certain External Investment Pools and Pool Participants. The College will adopt and implement these statements at the required time.

REQUIRED SUPPLEMENTARY INFORMATION

ST. CHARLES COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION
LIABILITIES AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2016

Public School Retirement System of Missouri (PSRS)

<u>Year Ended* June 30</u>	<u>Proportion of the Net Pension Liability</u>		<u>Proportionate Share of the Net Pension Liability</u>		<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Pension as a Percentage of Total Pension Liability</u>
2016	0.3176	% \$	18,334,604	\$	14,612,901	125.47 %	85.78 %
2015	0.3117		12,787,727		14,006,336	91.30	89.34

Public Education Employee Retirement System of Missouri (PEERS)

<u>Year Ended* June 30</u>	<u>Proportion of the Net Pension Liability</u>		<u>Proportionate Share of the Net Pension Liability</u>		<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Pension as a Percentage of Total Pension Liability</u>
2016	0.7160	% \$	3,786,968	\$	10,736,383	35.27 %	88.28 %
2015	0.7094		2,590,487		10,345,181	25.04	91.33

Note: These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

* The data provided in the schedules is based as of the measurement date of the Systems' net pension liability, which is as of the beginning of the College's fiscal year.

ST. CHARLES COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2016

Public School Retirement System of Missouri (PSRS)

<u>Year Ended June 30</u>	<u>Statutorily Required Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Excess/ (Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2016	\$ 2,085,438	\$ 2,085,438	\$ -	\$ 14,612,901	14.27 %
2015	2,007,226	2,007,226	-	14,006,336	14.33
2014	1,994,721	1,994,721	-	13,907,575	14.34

Public Education Employee Retirement System of Missouri (PEERS)

<u>Year Ended June 30</u>	<u>Statutorily Required Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Excess/ (Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2016	\$ 736,516	\$ 736,516	\$ -	\$ 10,736,383	6.86 %
2015	709,680	709,680	-	10,345,181	6.86
2014	704,247	704,247	-	10,266,001	6.86

These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

* The data provided in the schedule is based as of the measurement date of PEERS' net pension liability, which is as of the beginning of the District's fiscal year.

ST. CHARLES COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS
FOR THE YEAR ENDED JUNE 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Actuarial Liability (UAAL)	Accrued Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2011	\$ -	\$ 3,960,494	\$ 3,960,494	0.00 %	\$ 26,126,427	15.2 %
6/30/2013	-	4,814,931	4,814,931	0.00	26,511,368	18.2
6/30/2015	-	6,261,632	6,261,632	0.00	26,368,011	23.7

Valuations are performed biannually

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APPENDIX C

DEFINITIONS OF WORDS AND TERMS

AND

SUMMARIES OF LEGAL DOCUMENTS

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DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF LEGAL DOCUMENTS

The summaries of the Declaration of Trust, the Lease, the Base Lease and the Continuing Disclosure Agreement contained in this *Appendix C* do not purport to be comprehensive or definitive and are qualified in their entirety by reference to such documents, copies of which may be viewed at the designated corporate office of the Trustee, or will be provided by the Underwriter to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request.

DEFINITIONS OF WORDS AND TERMS

The definitions of certain words and terms used in this Official Statement are set forth below:

“Additional Certificates” means any Certificates executed and delivered pursuant to the Declaration of Trust. See the caption **“SUMMARY OF THE DECLARATION OF TRUST – Additional Certificates.”**

“Additional Project” means any capital improvements that are financed with the proceeds of Additional Certificates executed and delivered pursuant to the Declaration of Trust, for the use and benefit of the College.

“Authorized Representative” means the President of the College, the Vice President for Administrative Services, the President and Vice President of the Board of Trustees, or any other person designated by the Board of Trustees as an Authorized Representative to act on behalf of the College pursuant to a resolution filed with the Trustee.

“Available Revenues” means, for any Fiscal Year, any balances of the College from previous Fiscal Years encumbered to pay Rent, amounts budgeted or appropriated by the College for such Fiscal Year plus any unencumbered balances of the College from previous Fiscal Years that are legally available to pay Rent during such Fiscal Year, plus all moneys and investments, including earnings thereon, held by the Trustee pursuant to the Declaration of Trust.

“Base Lease” means the Base Lease dated as of March 1, 2017, between the College, as lessor, and the Trustee, as lessee as amended and supplemented in accordance with its terms.

“Basic Rent” means the Basic Rent Payments comprised of a Principal Portion and an Interest Portion as set forth in the Lease.

“Basic Rent Payment” means a payment of Basic Rent.

“Basic Rent Payment Date” means each March 1 and September 1 during the Lease Term, commencing on September 1, 2017.

“Beneficial Owner” means any Registered Owner of any Certificates and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Certificates for federal income tax purposes.

“Business Day” means a day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the principal corporate trust office or designated payment office of the Trustee is located are required or authorized by law to remain closed or (c) a day on which the Securities Depository or the New York Stock Exchange is closed.

“Certificate Payment” means the payments to be made to the Owners of the Certificates, whether representing Interest Portion only or Principal Portion and Interest Portion of Basic Rent under the Lease.

“Certificates” means the Series 2017 Certificates and any Additional Certificates.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“College” means St. Charles Community College, a community college district and a political subdivision duly created, organized and existing under and by virtue of the laws of the State of Missouri, and its successors.

“Completion Certificate” means the certificate of the College given in accordance with the Lease.

“Completion Date” means the date of completion of the Project as that date will be certified as provided in the Lease.

“Construction Agreements” means any agreement between the College and another party providing for the acquisition, construction, installation, furnishing and equipping of a portion of the Project.

“Continuing Disclosure Agreement” means the continuing disclosure agreement, undertaking or certificate entered into by the College and a dissemination agent, if any, in connection with the execution and delivery of a series of Certificates, as from time to time amended.

“Costs of Delivery” means all items of expense directly or indirectly payable by or reimbursable to the College and related to the authorization, execution, sale and delivery of the Certificates, including advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, financial advisor fees, legal fees of parties to the transaction (including fees of Special Tax Counsel), fees of any rating agency, financial advisor fees, title insurance premiums and recording fees and all other initial fees and disbursements contemplated by the Lease and the Declaration of Trust.

“Declaration of Trust” means the Declaration of Trust dated as of March 1, 2017, made by the Trustee, as the same may from time to time be amended or supplemented in accordance with its terms.

“Directive” means an instrument in writing executed in one or more counterparts by the Owners of Certificates, as determined from the records of the Registrar kept pursuant to the Declaration of Trust, or their lawful attorneys-in-fact, representing not less than a majority of the aggregate unpaid Principal Portion represented by the then-Outstanding Certificates.

“Event of Default” with respect to the Lease has the meaning specified under the caption **“SUMMARY OF THE LEASE - Events of Default”** and with respect to the Declaration of Trust has the meaning specified under the caption **“SUMMARY OF THE DECLARATION OF TRUST - Defaults.”**

“Event of Lease Default” means an Event of Default under the Lease. See the caption **“SUMMARY OF THE LEASE – Events of Default.”**

“Event of Nonappropriation” means an Event of Nonappropriation as described under the caption **“SUMMARY OF THE LEASE - Nonappropriation.”**

“Fiscal Year” means the fiscal year of the College, currently the twelve-month period beginning July 1 and ending on June 30.

“Funds” means, collectively, the funds created and held under the Declaration of Trust and all accounts therein.

“Government Obligations” means (a) direct noncallable obligations of the United States of America and obligations the timely payment of principal and interest on which is fully and unconditionally guaranteed by the United States of America, (b) trust receipts or certificates evidencing participation or other direct ownership interests in principal or interest payments to be made upon obligations described in clause (a) above that are held in a custody or trust account free and clear of all claims of persons other than the holders of such trust receipts or certificates, and (c) obligations that are noncallable or for which the call date has been irrevocably determined having an investment rating in the same rating category as direct obligations of the United States of America or higher as provided by either Moody’s or S&P as a result of the advance refunding of such obligations by the deposit of direct noncallable obligations of the United States of America in a trust or escrow account segregated and exclusively set aside for the payment of such obligations and that mature as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to timely pay such principal and interest.

“Interest Portion” means the portion of each Basic Rent Payment that represents the payment of interest.

“Investment Securities” means any securities or investments that are lawful for the investment of moneys held in funds or accounts of the College under the laws of the State.

“Lease” means the Lease Purchase Agreement dated as of March 1, 2017, between the Trustee, as lessor, and the College, as lessee, as amended and supplemented from time to time in accordance with its terms.

“Leased Property” means the real property described in the Lease and all the improvements now located or hereafter located thereon.

“Lease Revenue Fund” means the fund by that name established pursuant to the Declaration of Trust.

“Lease Revenues” means the Basic Rent Payments, Supplemental Rent Payments and all other amounts due and owing pursuant to or with respect to the Lease, including prepayments, insurance proceeds, condemnation proceeds, and any and all interest, profits or other income derived from the investment thereof in any fund or account established pursuant to the Declaration of Trust.

“Lease Term” means the Original Term and all Renewal Terms.

“Moody’s” means Moody’s Investors Service, Inc., and its successors and assigns, and, if that firm no longer performs the functions of a municipal securities rating service, “Moody’s” will be deemed to refer to any other nationally recognized securities rating service designated by the College, with notice to the Trustee.

“Net Proceeds” means the amount remaining from the gross proceeds of any insurance claim, condemnation award or sale under threat of condemnation relating to the Leased Property after deducting all reasonable expenses, including attorneys’ fees, incurred in the collection thereof.

“Notice by Mail” or **“Notice”** of any action or condition **“by Mail”** means a written notice meeting the requirements of the Declaration of Trust mailed by first-class mail to the Owners of specified Certificates at the addresses shown on the registration books maintained by the Registrar.

“Opinion of Counsel” means a written opinion of counsel who is acceptable to the Trustee. The counsel may be an employee of or counsel to the College.

“Opinion of Special Tax Counsel” means a written opinion of Special Tax Counsel acceptable to the Trustee.

“Original Term” means the period from the date of delivery of the Lease until the end of the Fiscal Year then in effect.

“Outstanding” means, as of the date of determination, all Certificates theretofore executed and delivered pursuant to the Declaration of Trust except (a) Certificates theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation, (b) Certificates for the transfer or exchange of or in lieu of or in substitution for which other Certificates have been executed and delivered by the Trustee pursuant to the Declaration of Trust and (c) Certificates paid or deemed to be paid pursuant to the Declaration of Trust.

“Owner” or **“Registered Owner”** of a Certificate means the registered owner of such Certificate as shown on the register kept by the Registrar pursuant to the Declaration of Trust.

“Permitted Encumbrances” means, as of any particular time, (a) liens for taxes and assessments not then delinquent; (b) the Base Lease, the Lease, the Declaration of Trust and any financing statements naming the College as debtor and naming the Trustee as secured party now or hereafter filed to perfect the security interests granted by the Declaration of Trust, the Base Lease or the Lease; (c) utility, access and other easements and rights-of-way, restrictions, exceptions and encumbrances (collectively the “Easements”) and those Easements now or hereinafter granted to or by the College in the normal operation of the College in its sole discretion and judgment that will not materially interfere with or materially impair the Leased Property; (d) such minor defects, irregularities, encumbrances, easements, mechanics’ liens, rights-of-way and clouds on title as normally exist with respect to property similar in character to the Leased Property and (1) as do not, in the opinion of the College certified in writing to the Trustee, materially impair the property affected thereby for the purpose for which it was acquired or is held by the Trustee or the College, or (2) are adequately insured against by a title insurance policy reasonably satisfactory to the College; or (e) the exceptions shown in the Proforma Title Policy No. 17-01666 to be dated March 1, 2017, prepared by U.S. Title Guaranty Company, as agent for Old Republic National Title Insurance Company.

“Prepayment Date” means any date set for prepayment of the Principal Portion of Basic Rent represented by Certificates.

“Prepayment Price” means with respect to any Certificate (or portion thereof), the amount specified in the Declaration of Trust.

“Principal Portion” means the principal portion of the Basic Rent Payments.

“Proceeds” means the aggregate moneys initially paid to the Trustee for each series of the Certificates.

“Project” means acquiring a two-story, approximately 69,692 square-foot building and improving and furnishing the building to accommodate an expansion of the College’s Nursing & Allied Health programs and to otherwise benefit the College.

“Project Costs” means all reasonable or necessary expenses related or incidental to the Project, including the expenses of studies, surveys, title policies, architectural and engineering services, legal and other special services, and all other necessary and incidental expenses, including Interest Portions to the Completion Date. Project Costs include Costs of Delivery.

“Project Fund” means the fund by that name established pursuant the Declaration of Trust.

“Purchase Price” means the amount designated as such in the Lease that the College may pay to the Trustee to purchase the Trustee’s interest in the Leased Property.

“Record Date” means the 15th day (whether or not a Business Day) of the calendar month next preceding the month in which each Basic Rent Payment Date occurs.

“Registrar” means the Trustee when acting in that capacity, or its successor as Registrar.

“Renewal Term” means each renewal term of the Lease, each having a duration of one year and a term coextensive with the then-current Fiscal Year as provided in the Lease, except that the last possible Renewal Term will end on March 2, 2037.

“Rent” means, collectively, Basic Rent and Supplemental Rent.

“Rent Payment” means a payment of Rent.

“Securities Depository” means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

“Series 2017 Certificates” means the \$5,015,000 aggregate principal amount Certificates of Participation (St. Charles Community College, Lessee), Series 2017, evidencing a proportionate interest in Basic Rent Payments to be made by the College pursuant to the Lease, executed and delivered pursuant to the Declaration of Trust.

“Special Tax Counsel” means Gilmore & Bell, P.C., or any other attorney or firm of attorneys selected by the College of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds or other obligations issued by states and political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America.

“State” means the State of Missouri.

“Supplemental Declaration of Trust” means any amendment or supplement to the Declaration of Trust entered into pursuant to the Declaration of Trust. See the caption **“SUMMARY OF THE DECLARATION OF TRUST – Amendments Permitted.”**

“Supplemental Lease” means any amendment or supplement to the Lease entered pursuant to the Lease.

“Supplemental Rent” means all amounts due under the Lease other than Basic Rent.

“Supplemental Rent Payment” means a payment of Supplemental Rent.

“Tax Compliance Agreement” means the Tax Compliance Agreement dated as of March 1, 2017, between the College and the Trustee, in connection with the execution and delivery of the Series 2017 Certificates.

“Trust Estate” means the assets, property and interests held by the Trustee pursuant to the Declaration of Trust and the Lease.

“Trustee” means UMB Bank, N.A., St. Louis, Missouri, and its successor or successors and their respective assigns.

“Underwriter” means Robert W. Baird & Co. Incorporated, Milwaukee, Wisconsin, the original purchaser of the Series 2017 Certificates.

SUMMARY OF THE DECLARATION OF TRUST

General Provisions

The Declaration of Trust is made by the Trustee. The Declaration of Trust authorizes the Trustee to execute and deliver the Series 2017 Certificates, provides the terms of the Series 2017 Certificates and provides for various Funds related to the Lease.

Trust Estate

The Trustee has executed and delivered the Declaration of Trust in order to secure the payment of the Principal Portions of Basic Rent Payments, premium, if any, and the Interest Portions of Basic Rent Payments. It further declares that it will hold all of the assets, property and interests received by it under the terms of the Declaration of Trust, the Base Lease and the Lease and all agreements and instruments contemplated thereby (except any compensation, indemnification or other amounts that are due directly to the Trustee under the Declaration of Trust).

Additional Certificates

Upon the execution and delivery of a Supplemental Lease that provides for an increase in the amount of Basic Rent payable under the Lease and so long as no Event of Default or Event of Nonappropriation exists, Additional Certificates evidencing the right of the Owners thereof to receive the Principal Portion and the Interest Portion of such additional Basic Rent may be executed and delivered under and equally and ratably secured by the Declaration of Trust on a parity with the Series 2017 Certificates and any other Additional Certificates, at any time and from time to time, upon compliance with the conditions provided in the Declaration of Trust, for the purposes described under the heading **“SUMMARY OF THE LEASE - Increased Basic Rent.”**

Establishment of Funds

There are hereby established the Project Fund and the Lease Revenue Fund, which will be held by the Trustee in trust for the benefit of the Owners. The money in both Funds will be deposited or applied as hereinafter provided.

Application of Lease Revenues

Lease Revenues will be deposited, as received, pursuant to the Lease, as follows:

- (a) The Basic Rent will be deposited to the Lease Revenue Fund.
- (b) Optional prepayments of the Principal Portion of Basic Rent (in amounts equal to the applicable Prepayment Price) will be deposited to the Lease Revenue Fund.
- (c) Payments of Supplemental Rent will be applied as provided in the Lease.

Undesignated payments of Rent that are insufficient to discharge the full amount then due will be applied first to the Interest Portion of Basic Rent, next to the Principal Portion of Basic Rent and finally to Supplemental Rent.

Disbursements from the Project Fund

Money in the Project Fund will be used to pay for Project Costs, which include Costs of Delivery. Payment will be made from moneys in the Project Fund upon receipt by the Trustee of a requisition certificate therefor signed by an Authorized Representative, which requisition certificate will contain the statements, representations and certificates set forth in the form thereof attached to the Declaration of Trust and will be otherwise substantially in such form.

In making disbursements from the Project Fund, the Trustee may conclusively rely upon each written requisition certificate executed by the Authorized Representative without inquiry or investigation. It is understood that the Trustee will *not* make any inspections of the Project, make any provision to obtain completion bonds, mechanic's or materialmen's lien releases or otherwise supervise any phase of the construction or furnishing of the Project. The approval of each requisition certificate by the Authorized Representative will constitute unto the Trustee an irrevocable determination that all conditions precedent to the payment of the specified amounts from the Project Fund have been completed. The Trustee will make disbursements from the Project Fund for which any such request is made as soon as practical after the receipt of a properly executed requisition certificate. The Trustee shall be fully protected in making the disbursements contained in the requisition certificates provided to it and shall have no duty or obligation to confirm that such requested disbursements constitute Costs of the Project or Costs of Delivery.

The Completion Date of the Project and the payment of all Costs of the Project (other than Costs of the Project for which sufficient amounts are retained in the Project Fund) will be evidenced by the filing with the Trustee of the Completion Certificate pursuant to the Lease. As soon as practicable following the receipt by the Trustee of the Completion Certificate, any balance remaining in the Project Fund (other than Costs of the Project for which the Trustee has been authorized to retain in the Project Fund) will be transferred and deposited without further authorization as provided in the Lease.

Application of Moneys in the Lease Revenue Fund

Except as otherwise provided in the Declaration of Trust, all amounts in the Lease Revenue Fund will be used and withdrawn by the Trustee solely to pay Basic Rent represented by the Certificates when due and payable or on a Prepayment Date.

Investment of Moneys

Moneys held in the Funds will, subject to the requirements of the Tax Compliance Agreement and as provided in the Declaration of Trust, be invested and reinvested by the Trustee, pursuant to written direction of the College, signed by an Authorized Representative, in Investment Securities that mature or are subject to redemption by the owner prior to the date such funds will be needed. In the absence of such instructions, the Trustee is authorized to invest in money market mutual funds consisting of Government Obligations or repurchase agreements for Government Obligations. 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, provided that any such fees will not exceed the interest income on the investment.

The Trustee will sell and reduce to cash a sufficient amount of such Investment Securities held by the Trustee in any Fund held under the Declaration of Trust, whenever the cash balance in such Fund is insufficient for the purpose of such Fund. Any such Investment Securities will be held by or under the control of the Trustee and will be deemed at all times a part of the Fund in which such moneys are originally held, and

the interest accruing thereon and any profit realized from such Investment Securities will be credited to such Fund, and any loss resulting from such Investment Securities will be charged to such Fund.

For purposes of determining the amount in any Fund, the value of any investments will be computed at the market value thereof (excluding accrued interest), the purchase price thereof (excluding accrued interest) or principal amount, whichever is lower.

The Trustee may, in making or disposing of any investment permitted by the Declaration of Trust, 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.

Amendments Permitted

The Declaration of Trust, the Lease and the Base Lease and the rights and obligations of the College and of the Owners of the Certificates and of the Trustee may be modified or amended from time to time and at any time by an amendment or supplement thereto that the parties thereto may enter into with the written consent of the Trustee and the College, if not a party hereto or thereto, and the Owners of a majority in aggregate Principal Portion of Basic Rent Payments represented by the Certificates then Outstanding has been filed with the Trustee. No such modification or amendment will: (a) extend the stated maturity of any Certificate, or reduce the amount of principal represented thereby, or extend the time of payment or reduce the amount of any Prepayment Price provided in the Declaration of Trust for the payment of any Certificate, or reduce the rate of interest with respect thereto, or extend the time of payment of interest with respect thereto, or alter the optional Prepayment Date of any Certificate without the consent of the Owner of each Certificate so affected; (b) reduce the aforesaid percentage of Certificates the consent of the Owners of which is required to effect any such modification or amendment or, except in connection with the delivery of any Additional Certificates, permit the creation of any lien on the moneys in the Project Fund and the Lease Revenue Fund or deprive the Owners of the trust created by the Declaration of Trust with respect to the moneys in the Project Fund and the Lease Revenue Fund; or (c) create a preference or priority of any Certificate or Certificates over any other Certificate or Certificates without the consent of the Owners of all of the Certificates then Outstanding.

Notwithstanding the preceding paragraph, the Declaration of Trust, the Lease or the Base Lease and the rights and obligations of the College, of the Trustee and of the Owners of the Certificates may also be modified or amended from time to time and at any time by an agreement that the parties thereto (including District approval of any modification or amendment to the Declaration of Trust) may enter into without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes: (a) to add to the covenants and agreements of the Trustee in the Declaration of Trust, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Certificates (or any portion thereof), or to surrender any right or power in the Declaration of Trust reserved to or conferred upon the College; provided, however, that no such covenant, agreement, pledge, assignment or surrender will in the sole judgment of the Trustee materially adversely affect the interests of the Owners of the Certificates; (b) to add to the covenants and agreements of the College in the Base Lease or the Lease, other covenants and agreements thereafter to be observed or to surrender any right or power therein reserved to or conferred upon the Trustee or the College; provided, however, that no such covenant, agreement or surrender will in the sole judgment of the Trustee materially adversely affect the interests of the Owners of the Certificates; (c) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Declaration of Trust, the Base Lease or the Lease, or in regard to matters or questions arising under the Declaration of Trust, the Base Lease or the Lease as the Trustee and the College may deem necessary or desirable and not inconsistent with said agreements, or as may be requested by the College, or the Trustee and that will not, in any such case in the sole judgment of the Trustee adversely affect the interests of the Owners of the Certificates; (d) to modify, amend or supplement the Declaration of Trust in such manner as to permit the qualification of the Declaration of Trust under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and that will not in the sole judgment of

the Trustee materially adversely affect the interests of the Owners of the Certificates; (e) to provide for any additional procedures, covenants or agreements necessary to maintain the exclusion of the Interest Portion of Basic Rent from gross income for purposes of federal income taxation; (f) to provide for the execution and delivery of Additional Certificates; or (g) to make any other change that in the sole judgment of the Trustee does not have a materially adverse effect on the rights of the Certificate Owners.

Opinion of Counsel

Before the Trustee or the College consents to any modification or amendment of the Declaration of Trust, the Base Lease or the Lease, an Opinion of Special Tax Counsel will be delivered to the Trustee stating that such amendment (a) is permitted by the Declaration of Trust and the instrument modified or amended (if other than the Declaration of Trust), (b) complies with its terms, (c) will, upon execution and delivery thereof, be valid and binding upon the College in accordance with the terms of the instrument modified or amended, and (d) will not adversely affect the exclusion from gross income for purposes of federal income taxation of the Interest Portion of Basic Rent Payments represented by the Certificates. In any instance in which the Trustee may be required to determine that a modification or amendment will not materially adversely affect the interest of the Owners of the Certificates, prior to consenting to such modification or amendment, the Trustee will be entitled to require that there be delivered to it an Opinion of Counsel to the effect that no such materially adverse effect would result from such modification or amendment. The Trustee will be fully protected and will incur no liability in relying upon such Opinion of Counsel in making such determination.

Defaults

The occurrence of any of the following events, subject to the provisions permitting waivers of defaults, is defined as an “Event of Default” under the Declaration of Trust:

- (a) Default in the due and punctual payment of any Interest Portion of Basic Rent represented by a Certificate; or
- (b) Default in the due and punctual payment of the Principal Portion of Basic Rent represented by a Certificate, whether at the stated payment date thereof or the Prepayment Date set therefor in accordance with the terms of the Declaration of Trust; or
- (c) Any Event of Lease Default.

Acceleration

Upon the occurrence of an Event of Default or an Event of Nonappropriation under the Declaration of Trust, the Trustee may, and upon receipt of a Directive will, by notice in writing delivered to the College, declare all Certificates Outstanding immediately due and payable.

Other Remedies

Upon the occurrence of an Event of Lease Default or Event of Nonappropriation, the Trustee may exercise any remedies available under the Lease and, to the extent consistent therewith, may sell, lease or manage any portion of the Leased Property or the Trustee’s interest in the Leased Property, subject to Permitted Encumbrances, and apply the net proceeds thereof in accordance with the Declaration of Trust and, whether or not it has done so, may pursue any other remedy available to it under the Lease or at law or in equity.

No remedy by the terms of the Declaration of Trust conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, but each and every such remedy will be cumulative and will be in addition to any other remedy given to the Trustee or to the Certificate Owners under the Declaration of Trust or now or hereafter existing at law or in equity or by statute.

Rights of Certificate Owners

If an Event of Default or an Event of Nonappropriation has occurred and is continuing and if instructed to do so by a Directive and if indemnified as provided in the Declaration of Trust, the Trustee will be obligated to exercise such one or more of the rights and the remedies conferred by the Declaration of Trust as the Trustee, upon the advice of counsel, deems to be in the interests of the Certificate Owners; provided that such Directive will not be otherwise than in accordance with the provisions of law and of the Declaration of Trust, and provided further that the Trustee will have the right to decline to follow any such Directive if the Trustee in good faith determines that the proceedings so directed would involve it in personal liability.

Any other provision in the Declaration of Trust to the contrary notwithstanding, the Owners of not less than a majority in aggregate Principal Portion of Basic Rent Payments represented by the Certificates then Outstanding will have the right, at any time, by a Directive, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the Declaration of Trust, or for the appointment of a receiver or any other proceedings under the Declaration of Trust; provided that (a) such Directive will not be otherwise than in accordance with the provisions of law and of the Declaration of Trust, and (b) the Trustee has been indemnified as provided in the Declaration of Trust and will have the right to decline to follow any such direction if the Trustee in good faith determines that the proceeding so directed would involve it in personal liability.

Rights and Remedies of Certificate Owners

No Owner of any Certificate will have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Base Lease, the Lease or the Declaration of Trust, for the execution of any trust thereof, for the appointment of a receiver or to enforce any other remedy thereunder, unless (a) an Event of Default or an Event of Nonappropriation has occurred; (b) the Owners have given a Directive to the Trustee and have offered reasonable opportunity either to proceed to exercise the powers granted by the Declaration of Trust or to institute such action, suit or proceeding in its own name; (c) such Certificate Owners have provided to the Trustee indemnification satisfactory to the Trustee; and (d) the Trustee thereafter fails or refuses to exercise the powers granted by the Declaration of Trust or to institute such action, suit or proceedings. Such notification, request and indemnity are at the option of the Trustee to be conditions precedent to the execution of the powers and the trusts of the Declaration of Trust and to any action or cause of action for the enforcement of the Declaration of Trust or for the appointment of a receiver or for any other right or remedy thereunder. No one or more Owners of the Certificates will have any right in any manner whatsoever to affect, to disturb or to prejudice the lien of the Declaration of Trust by its, his, her or their action or to enforce any right or remedy thereunder except in the manner therein provided and for the equal benefit of the Owners of all Certificates then Outstanding.

Discharge of Declaration of Trust

When (a) the obligations of the College under the Lease have been satisfied in connection with the exercise by the College of its option to purchase the Leased Property in accordance with the Lease by the irrevocable deposit in escrow of moneys or Government Obligations (maturing as to principal and interest in such amounts and at such times as are necessary to make any required payments without reinvestment of any earnings thereon) or both moneys and Government Obligations, (b) the College has delivered to the Trustee (1) an Opinion of Counsel to the effect that the conditions for such discharge contained in the Declaration of Trust have been satisfied or irrevocably provided for and (2) if the deposit of moneys and Government Obligations is more than 90 days prior to the scheduled payment on the Certificates, (A) an opinion of Special Tax Counsel to the effect that the payment of such Certificates will not adversely affect the exclusion from gross income for purposes of federal income taxation of the Interest Portion of Basic Rent Payments represented by the Certificates and (B) an accountant's certificate verifying the sufficiency of moneys or Government Obligations or both so deposited for the payment of the Principal Portion and Interest Portion of the Certificates and any applicable Prepayment Price to be paid with respect to the Certificates, and (c) the College has deposited sufficient moneys to pay the fees, charges and expenses of the Trustee (or has made

provision satisfactory to the Trustee for their payment), thereupon the obligations created by the Declaration of Trust will cease, determine and become void except for the right of the Certificate Owners and the obligation of the Trustee to apply such moneys and Government Obligations to the payment of the Certificates as set forth in the Declaration of Trust; provided, however, that all provisions hereof relating to the compensation or indemnification of the Trustee will survive the satisfaction and discharge of the Declaration of Trust.

Duties, Immunities and Liabilities of the Trustee

The Trustee will, prior to an Event of Default or Event of Nonappropriation and after the curing of all Events of Default or Events of Nonappropriation that may have occurred, perform only such duties as are specifically set forth in the Declaration of Trust. The Trustee will, during the existence of any Event of Default or Event of Nonappropriation, exercise such of the rights and powers vested in it by the Declaration of Trust, and 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 own affairs.

The Trustee may be removed upon at any time by (a) a Directive or (b) so long as no Event of Default or Event of Nonappropriation has occurred or condition exists that with the giving of notice or the passage of time or both would constitute an Event of Default, an instrument in writing delivered to the Trustee and signed by the College. The Trustee will give written notice of any removal pursuant to this Section to the College. The Trustee will resign at any time the Trustee ceases to be eligible in accordance with the Declaration of Trust, or becomes incapable of acting, or is adjudged as bankrupt or insolvent, or a receiver of the Trustee or its property is appointed, or any public officer takes control or charge of the property or affairs of the Trustee for the purpose of rehabilitation, conservation or liquidation, and thereupon a successor Trustee will be appointed by either (a) a Directive, or (b) so long as no Event of Default or Event of Nonappropriation has occurred or condition exists that with the giving of notice or the passage of time or both would constitute an Event of Default, the College.

The Trustee may at any time resign by giving written notice of such resignation to the College and by giving the Owners Notice by Mail of such resignation at the addresses listed on the registration books kept by the Registrar pursuant to the Declaration of Trust. Upon receiving such notice of resignation, a successor Trustee will be appointed by a Directive. If no successor Trustee is promptly appointed by a Directive, the College shall appoint a temporary successor Trustee to serve as successor Trustee until such time as a permanent successor Trustee is appointed by a Directive or in accordance with the Declaration of Trust.

SUMMARY OF THE LEASE

General

The Lease has been entered into between the Trustee and the College and contains the terms and conditions under which the Leased Property will be leased to and used by the College.

Lease Term

The Original Term of the Lease will terminate on June 30, 2017, the last day of the current Fiscal Year. The Lease Term may be continued, solely at the option of the College, at the end of the Original Term or any Renewal Term, for an additional one year, provided that the final Renewal Term will not extend beyond March 2, 2037. At the end of the Original Term and at the end of each Renewal Term, unless the College has terminated the Lease pursuant its terms and for no other reason, the College will be deemed to have exercised its option to continue the Lease for the next Renewal Term. The terms and conditions during any Renewal Term will be the same as the terms and conditions during the Original Term, except for any difference in the Rent as provided in the Lease.

Continuation of Lease Term by the College

The College reasonably believes that legally available funds in an amount sufficient to make all payments of Rent during the Original Term and each of the Renewal Terms can be obtained. The College covenants in the Lease that its responsible financial officer will do all things lawfully within such officer's power to obtain and maintain funds from which the Rent may be paid, including making provision for such payments to the extent necessary in each proposed budget or appropriation request submitted for adoption in accordance with applicable provisions of law and to exhaust all available reviews and appeals in the event such portion of the budget or appropriation request is not approved. Notwithstanding the foregoing, the decision to budget and appropriate funds or to extend the Lease for any Renewal Term is to be made in accordance with the College's normal procedures for such decisions by the then-current Board of Trustees of the College.

Nonappropriation

The College is obligated only to pay periodic payments under the Lease as may lawfully be made from Available Revenues. If an Event of Nonappropriation occurs, the Lease will be deemed terminated at the end of the then-current Original Term or Renewal Term. An Event of Nonappropriation will be deemed to have occurred if the College fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent and any reasonably anticipated Supplemental Rent to come due during the immediately following Renewal Term. The College agrees to deliver notice to the Trustee of such termination at least 90 days prior to the end of the then-current Original Term or Renewal Term, but failure to give such notice will not extend the term beyond such Original Term or Renewal Term. If the Lease is terminated in accordance with such provision, the College agrees peaceably to transfer and surrender possession of the Leased Property to the Trustee.

Enjoyment of Leased Property

The Trustee will provide the College during the Lease Term with quiet use and enjoyment of the Leased Property (subject to Permitted Encumbrances). The College will, during the Lease Term, peaceably and quietly have, hold and enjoy the Leased Property, without suit, trouble or hindrance from the Trustee, except as expressly set forth in the Lease. The College may use the Leased Property for any governmental or proprietary purpose of the College, subject to the limitations contained in the Lease.

Notwithstanding any other provision in the Lease, the Trustee will have no responsibility to cause the Project to be constructed or to maintain, repair or insure the Leased Property. The College will comply with all statutes, laws, ordinances, orders, judgments, decrees, regulations, directions and requirements of all federal, state, local and other governments or governmental authorities, now or hereafter applicable to the College and the Leased Property, as to the manner and use or the condition of the Leased Property. The College will also comply with the mandatory requirements, rules and regulations of all insurers under the policies required to be carried by the provisions of the Lease. To the extent permitted by law, the College will pay all costs, expenses, claims, fines, penalties and damages that may in any manner arise out of, or be imposed as a result of, the failure of the College to comply with the foregoing provisions. Notwithstanding any provision contained in this paragraph, however, the College may, at its own cost and expense, contest or review by legal or other appropriate procedures the validity or legality of any such governmental statute, law, ordinance, order, judgment, decree, regulation, direction or requirement, or any such requirement, rule or regulation of an insurer and during such contest or review, the College may refrain from complying therewith, if the College furnishes, on request, to the Trustee, at the College's expense and to the extent permitted by law, indemnity satisfactory to the Trustee.

Basic Rent

The College will promptly pay all Basic Rent, subject to its right to terminate the Lease as described under the heading **"Nonappropriation"** on each Basic Rent Payment Date. A portion of each Basic Rent Payment is paid as, and represents payment of, interest. To provide for the timely payment of Basic Rent, the

College will pay to the Trustee for deposit in the Lease Revenue Fund not less than five (5) Business Days before each Basic Rent Payment Date, the amount due on such Basic Rent Payment Date.

The College will, in accordance with the requirements of law and its normal budgeting procedures, fully budget and appropriate sufficient funds for the current Fiscal Year to make the Rent Payments scheduled to come due during the Original Term, and to meet its other obligations for the Original Term and such funds will not be expended for other purposes.

Supplemental Rent

The College will pay, subject to its right to terminate the Lease as described under the heading **“Nonappropriation,”** as Supplemental Rent (a) all Impositions (as defined below under the caption **“Impositions”**); (b) all amounts required and all other payments that the College has agreed to pay or assume under the Lease; (c) all expenses, including reasonable attorneys’ fees and expenses to the extent permitted by law, incurred in connection with the enforcement of any rights under the Lease or the Base Lease by the Trustee; (d) all fees and charges of the Trustee as provided in the Lease; and (e) any payments required to be made pursuant to the Tax Compliance Agreement.

Rent Payments to Constitute a Current Expense and Limited Obligation of the College

The obligation of the College to pay Rent under the Lease is limited to payment from Available Revenues and will constitute a current expense of the College. Such obligation will not in any way be construed to be a debt of the College in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the College, nor will anything contained in the Lease constitute a pledge of the general tax revenues, funds or moneys of the College.

Net Lease; Rent Payments to be Unconditional

The Lease is intended to be net, net, net to the Trustee, subject to the right of the College to terminate the Lease. The obligations of the College to pay the Basic Rent Payments from Available Revenues and to perform and observe the other covenants and agreements contained in the Lease will be absolute and unconditional in all events without abatement, diminution, deduction, setoff or defense, for any reason, including any failure of the Project to be constructed or installed, any defects, malfunctions, breakdowns or infirmities in the Project or any accident, condemnation or unforeseen circumstances.

Nothing in the Lease will be construed as a waiver by the College of any rights or claims the College may have against the Trustee, but any recovery upon such rights and claims will be from the Trustee separately.

Increased Basic Rent

Notwithstanding any other provision of the Lease, the Trustee and the College may enter into a Supplemental Lease or Supplemental Leases in connection with the delivery of Additional Certificates that increase the amount of Basic Rent payable by the College on any Basic Rent Payment Date to provide funds to (a) complete the Project or pay all or any part of the costs of any Additional Project, (b) repair, replace or restore the Leased Property, (c) pay the costs relating to the execution and delivery of the Additional Certificates, (d) pay interest during the estimated period of acquisition, construction, installation, furnishing or equipping of any Additional Project or (e) refund any or all of the Certificates.

Payment for Construction of the Project

In compliance with the Declaration of Trust, costs and expenses of every nature incurred in the construction of the Project that qualify as Project Costs will be paid by the Trustee from the Project Fund upon

receipt by the Trustee of a completed request of the College signed by the Authorized Representative containing the statements, representations and certifications set forth in the form of such request attached to the Declaration of Trust.

In making disbursements for Project Costs, the Trustee will be entitled to conclusively rely upon each written requisition certificate executed by the Authorized Representative without inquiry or investigation. It is understood that the Trustee will *not* make any inspections of the Leased Property nor any improvements thereon, make any provision to obtain completion bonds, mechanic's or materialmen's lien releases or otherwise supervise any phase of the construction or installation of the Project. The approval of each requisition certificate by the Authorized Representative will constitute unto the Trustee an irrevocable determination that all conditions precedent to the payment of the specified amounts from the Project Fund have been completed.

Completion Date; Excess Funds

The Completion Date will be evidenced to the Trustee upon receipt by the Trustee of the Completion Certificate signed by an Authorized Representative stating (a) the date on which all components of the Project were substantially completed, (b) that the Project has been purchased, constructed, made and installed in accordance with the plans and specifications therefor and in conformance with all applicable zoning, planning, building, environmental and other similar governmental regulations, (c) that, except for Project Costs described in clause (d), all Project Costs have been paid and (d) the amounts, if any, to be retained in the Project Fund for the payment of Project Costs, if any, not yet due or Project Costs whose liability the College is contesting, and amounts that otherwise should be retained and the reasons they should be retained. The Completion Certificate may state that it is given without prejudice to any rights of the College that then exist or may subsequently come into being against third parties. Any amounts remaining in the Project Fund that are not needed to pay any remaining Project Costs will be transferred by the Trustee without further authorization to the Lease Revenue Fund.

Disclaimer of Warranties

The Trustee makes no warranty or representation, either express or implied, as to the value, design, condition or fitness for a particular purpose or fitness for use of the project or any part thereof, or warranty with respect thereto. In no event will the Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of the Lease or the existence, furnishing, functioning or the College's use of the project or any part thereof.

Deficiency of Project Fund

If the Project Fund is insufficient to pay fully all Project Costs and to complete fully the Project lien free, subject to the conditions set forth in the Lease, the College will pay, in cash, the full amount of any such deficiency by making payments directly to the contractors and to the suppliers of materials and services as the same becomes due. The Trustee is not obligated to pay and will not be responsible for any such deficiency, and the College will, to the extent permitted by law, save the Trustee whole and harmless from any obligation to pay such deficiency. The College's obligation to pay any such deficiency will be limited to its current budgeted appropriations for the Project, and the College will have no obligation to appropriate additional funds therefor and may amend the Project to reduce or eliminate such deficiency.

Impositions

The College will bear, pay and discharge, before the delinquency thereof, as Supplemental Rent, all taxes and assessments, general and special, if any, that may be lawfully taxed, charged, levied, assessed or imposed upon or against or be payable for or in respect of the Leased Property, including any 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 including all water and sewer charges, assessments and other general governmental charges and impositions whatsoever, foreseen or unforeseen, that if not paid when due would impair the security of the Trustee or encumber the Leased Property (all of the foregoing being herein referred to as "Impositions").

Contest of Impositions

The College may, in its own name or in the Trustee's name, contest the validity or amount of any Imposition that the College 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 contested Imposition becomes delinquent. The College may permit the Imposition so contested to remain unpaid during the period of such contest and any appeal therefrom if the College provides the Trustee with either (a) an Opinion of Counsel or (b) a written certification of the College that, by nonpayment of any such items, the interest of the Trustee in the Leased Property will not be endangered or the Leased Property or any part thereof will not be subject to loss or forfeiture. If the College is unable to provide either of the above, the College shall promptly pay such taxes, assessments or charges or provide the Trustee with full security against any loss that may result from nonpayment in form reasonably satisfactory to the Trustee. The Trustee agrees to cooperate with the College in connection with any and all administrative or judicial proceedings related to Impositions. To the extent permitted by law, the College will hold the Trustee whole and harmless from any costs and expenses the Trustee may incur with respect to any Imposition.

Insurance Required

The College will, during the Lease Term, cause the Leased Property to be kept continuously insured against such risks customarily insured against for facilities such as the Leased Property and will pay (except as otherwise provided in the Lease) as the same become due, all premiums in respect thereof, such insurance to include the following policies of insurance:

(a) Insurance insuring the Leased Property against loss or damage by fire, lightning and all other risks covered by the extended coverage insurance endorsement then in use in the State in an amount not less than the Principal Portion of the Certificates then Outstanding and issued by such insurance company or companies authorized to do business in the State as may be selected by the College. The policy or policies of such insurance will name the College as insured and the Trustee as loss payee, as their respective interests may appear. All proceeds from such policies of insurance will be applied as provided in the Lease.

(b) To the extent appropriate, during the acquisition, construction, installation, furnishing and equipping of the Project and in lieu of the insurance required in subparagraph (a) above, builder's risk-completed value insurance insuring the Project against fire, lightning and all other risks covered by the extended coverage endorsement then in use in the State to the full insurable value of the Project (subject to reasonable loss deductible clauses) issued by such insurance company or companies authorized to do business in the State as may be selected by the College. Such policy or policies of insurance will name the College and the Trustee as insureds, and all payments received under such policy or policies by the College will be paid over to the Trustee.

(3) Comprehensive general accident and public liability insurance (including coverage for all losses whatsoever arising from the ownership, maintenance, operation or use of any automobile, truck or other motor vehicle), under which the College is named as insured and the Trustee is named an additional insured, in an amount not less than the limits of liability set by Section 537.610 of the Revised Statutes of Missouri (subject to reasonable loss deductible clauses).

(4) Workers' compensation and unemployment coverages to the extent, if any, required by the laws of the State.

(5) Leasehold owner's policy of title insurance, issued on ALTA forms by a title insurance underwriter acceptable to the Underwriter, insuring the Trustee's leasehold estate created by the Base Lease, in the initial amount of \$5,015,000, subject only to exceptions acceptable to the Underwriter, with endorsements and affirmative coverages reasonably required by the Underwriter, and otherwise in form and substance satisfactory to the Underwriter.

(6) Performance and labor and material payment bonds with respect to the Construction Agreements in the full amount of the Construction Agreements from surety companies qualified to do business in the State.

The insurance required pursuant to the paragraphs above shall be maintained with an insurance company selected by the College with a rating of at least "A" by A.M. Best or S&P.

The College may elect to be self-insured (for liability only) for all or any part of the foregoing requirements of the Lease if (1) the maintenance of a separate segregated self-insurance trust fund funded in an amount determined (initially and on at least an annual basis) by an independent actuary employing accepted actuarial techniques and (2) the establishment and maintenance of a claims processing and risk management program. If the College elects to be self-insured, no later than 120 days after the end of each Fiscal Year, the College shall cause an independent actuary to submit a written report to the Trustee setting forth a determination, employing accepted actuarial techniques, of an adequate amount of reserves to be maintained in the College's self-insurance trust fund. The College shall immediately deposit any amount necessary to cause the self-insurance trust fund to be funded in the amount determined by the actuary. The Trustee has no obligation to determine the sufficiency of any such self-insurance or any other insurance required to be maintained by the College under the terms of the Lease and has no duty or obligation to monitor the College's compliance therewith. The College may not self-insure against casualty losses to any real or personal property owned, leased or used by it, including plant, property and equipment.

Maintenance and Modification of Leased Property by the College

The College will at its own expense (1) keep the Leased Property in good repair and in good operating condition, (2) with respect to the Leased Property, comply with all applicable health and safety standards and all other industrial requirements or restrictions enacted or promulgated by the State, or any political subdivision or agency thereof, or by the government of the United States of America or any agency thereof applicable to the College and (3) make from time to time all necessary repairs thereto and renewals and replacements thereof; provided, however, that the College will have no obligation to operate, maintain, preserve, repair, replace or renew any element or unit of the Leased Property the maintenance, repair, replacement or renewal of which becomes uneconomical to the College because of damage, destruction or obsolescence, or change in economic or business conditions, or change in government standards and regulations. The College will not permit or suffer others to commit a nuisance in or about the Leased Property

or itself commit a nuisance in connection with its use or occupancy of the Leased Property. The College will pay all costs and expenses of operation of the Leased Property.

The College may, also at its own expense, make from time to time any additions, modifications or improvements to the Leased Property that it deems desirable for its purposes and that do not materially impair the structural strength or effective use, or materially decrease the value, of the Leased Property. All additions, modifications or improvements made by the College will (1) be made in a workmanlike manner and in strict compliance with all laws and ordinances applicable to the College, (2) when commenced, be pursued to completion with due diligence and (3) when completed, be deemed a part of the Leased Property.

Damage, Destruction and Condemnation

The College will bear the risk of loss with respect to the Leased Property during the Lease Term. If (a) the Leased Property or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Leased Property or any part thereof will be nonexistent or deficient or taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, the Net Proceeds of any insurance claim, condemnation award or sale under threat of condemnation shall be paid to the Trustee for deposit in the appropriate fund. Upon receipt of direction from the College, the Trustee will disburse the net Proceeds in accordance with the College's direction to be applied to the prompt replacement, repair, restoration, modification or improvement of the Leased Property, unless the College has exercised its option to purchase the Trustee's interest in the Leased Property by making payment of the Purchase Price as provided in the Lease. Any balance of the Net Proceeds remaining after such work has been completed will be paid to the College and will be held and appropriated by the College for the exclusive purpose of paying Rent under the Lease.

If the College determines that the repair, restoration, modification or improvement of the Leased Property is not economically feasible or in the best interest of the College, then, in lieu of making such repair, restoration, modification or improvement and if permitted by law, the College will promptly purchase the Trustee's interest in the Leased Property pursuant to the Lease by paying the Purchase Price. The Net Proceeds will be applied by the College to payment of the Purchase Price. Any balance of the Net Proceeds remaining after paying the Purchase Price will belong to the College.

The College acknowledges the provisions pertaining to eminent domain in the Base Lease. The Trustee and the College agree that the terms of the Base Lease are incorporated in and made a part of the Lease to the same extent as if set forth in full in the Lease.

Insufficiency of Net Proceeds

If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to above, and the College has not elected to purchase the Trustee's interest in the Leased Property, the College will complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds. If the College makes any payments as provided in this paragraph, the College will not be entitled to any reimbursement therefor from the Trustee nor will the College be entitled to any diminution of Rent.

Purchase Option

The College may purchase the Trustee's interest in the Leased Property, upon giving written notice to the Trustee at least 45 days before the purchase date (unless a shorter notice is satisfactory to the Trustee), at the following times and on the following terms:

(a) On or after the date when all Outstanding Certificates are subject to optional prepayment by the College, upon payment in full of Rent Payments then due under the Lease plus a Purchase Price equal to 100% of the remaining Principal Portions of Basic Rent for the maximum Lease Term plus Interest Portions of Basic Rent accrued to the Prepayment Date.

(b) Upon deposit of moneys or Government Obligations or both with the Trustee in accordance with the Declaration of Trust in the amount necessary to provide for the Basic Rent Payments until and on the Prepayment Date, and the Purchase Price calculated as described in (a) above on the Certificates to such Prepayment Date.

(c) At any time if (1) title to, or the use for a limited time of, all or substantially all of the Leased Property is condemned by any authority having the power of eminent domain (other than the College or any entity controlled by or otherwise affiliated with the College); (2) title to all or substantially all of the Leased Property is found to be deficient or nonexistent to the extent that the efficient utilization of the Leased Property by the College is impaired; (3) all or substantially all of the Leased Property is damaged or destroyed by fire or other casualty; or (4) 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 Base Lease, the Lease or the Declaration of Trust 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 College with respect to the Base Lease, the Lease or the Declaration of Trust.

Partial Prepayment

The College may prepay the Basic Rent Payments in part, upon giving written notice to the Trustee at least 45 days before the prepayment date (unless a shorter notice is satisfactory to the Trustee), on any date occurring on or after any optional prepayment date as provided in the Declaration of Trust, at the prepayment price equal to the Principal Portion of Basic Rent being so prepaid plus the Interest Portion of Basic Rent accrued thereon to such Basic Rent Payment Date.

The Principal Portion of Basic Rent prepaid pursuant to the Lease will be in integral multiples of \$5,000 and will be credited in such order of maturity as is determined by the College. Upon any partial prepayment, the amount of each Interest Portion of Basic Rent coming due thereafter will be reduced by the amount of such Interest Portion attributable to such prepaid Principal Portion determined by applying the annual interest rate corresponding to such prepaid Principal Portion.

Assignment and Subleasing by the College

Except as provided in the Lease, none of the College's right, title and interest in, to and under the Base Lease, the Lease and in the Leased Property may be assigned or encumbered by the College for any reason; except that the College may sublease any one or more parts of the Leased Property if the College obtains an Opinion of Special Tax Counsel that such subleasing will not adversely affect the exclusion of the Interest Portion of the Basic Rent Payments from gross income for purposes of federal income taxation. Any such sublease of all or part of the Leased Property will be subject to the Base Lease, the Lease and the rights of the Trustee in, to and under the Base Lease, the Lease and the Leased Property.

Events of Default

Any of the following will constitute an "Event of Default" under the Lease:

- (a) Failure by the College to pay Basic Rent pursuant to the Lease;
- (b) Failure by the College to make any Supplemental Rent Payment when due and the continuance of such failure for 60 days after written notice specifying such failure and requesting that it be remedied is given to the College by the Trustee;
- (c) Failure by the College to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease, other than as described in subparagraph (a) or (b) above, for a period of 60 days after written notice specifying such failure and requesting that it be remedied is given to the College by the Trustee unless the Trustee will agree in writing to an extension of such time prior to its expiration; provided that, if the failure stated in the notice cannot be corrected within the applicable period, the Trustee will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the College within the applicable period and diligently pursued until the default is corrected;
- (d) Any statement, representation or warranty made by the College in or pursuant to the Base Lease, the Lease or the Tax Compliance Agreement or the execution, delivery or performance of them proves to have been false, incorrect, misleading or breached in any material respect on the date when made;
- (e) Any provision of the Lease or the Base Lease at any time for any reason ceases to be valid and binding on the College, or is declared null and void, or the validity or enforceability thereof is contested by the College or any governmental agency or authority if the loss of such provision would materially adversely affect the rights or security of the Trustee; or
- (f) The College becomes insolvent or admits in writing its inability to pay its debts as they mature or applies for, consents to, or acquiesces in the appointment of a trustee, receiver or custodian for the College or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian is appointed by the College and is not discharged within 60 days; or any bankruptcy, reorganization, debt arrangement, moratorium or any proceeding under bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is instituted by or against the College and, if instituted against the College, is consented to or acquiesced in by the College or is not dismissed within 60 days.

Failure of the College to comply with the Continuing Disclosure Agreement will not be an Event of Default.

Remedies on Default

Whenever any Event of Default under the Lease exists, the Trustee will have the right, without any further demand or notice, to take one or any combination of the following remedial steps:

- (a) By written notice to the College, the Trustee may declare all Rent payable by the College under the Lease to the end of the then-current Original Term or Renewal Term to be due;
- (b) With or without terminating the Lease, the Trustee may take possession of the Leased Property (in which event the College will take all actions necessary to authorize, execute and deliver to the Trustee for the remainder of the Trustee's leasehold term under the Base Lease all documents necessary to vest in the Trustee for the remainder of the Trustee's leasehold term under the Base Lease all of the College's interest in the Leased Property, subject to Permitted Encumbrances) and, subject to Permitted Encumbrances, sell the Trustee's interest in the Leased Property or lease the Leased Property or, for the account of the College, sublease the Leased Property and continue to hold the College liable for the difference between (1) the Rent payable by the College under the Lease for the then-current Original Term or Renewal Term, as the case may be, and (2) the net proceeds of any

such sale, leasing or subleasing (after deducting all expenses of the Trustee in exercising its remedies under the Lease, including without limitation all expenses of taking possession, removing, storing, reconditioning, and selling or leasing or subleasing the Leased Property and all brokerage, auctioneers and attorneys' fees);

(c) The Trustee may terminate any rights the College may have in any moneys held by the Trustee under the Declaration of Trust; and

(d) The Trustee may take whatever action at law or in equity necessary or desirable to enforce its rights in the Leased Property and under the Lease.

SUMMARY OF THE BASE LEASE

Generally

The College and the Trustee have entered into the Base Lease under which the College leases the Leased Property to the Trustee for the rentals and upon the terms and conditions set forth in the Base Lease.

Term

The term of the Base Lease commences from the date of delivery thereof, and ends on March 1, 2057, unless extended or terminated as provided in the Base Lease.

Rent

As and for rental under the Base Lease and in consideration for the leasing of the Leased Property to the Trustee, the Trustee will take the following actions: (a) simultaneously with the delivery of the Base Lease, enter into the Lease, (b) simultaneously with the delivery of the Base Lease, pay to the College the sum of \$10.00 and provide such other consideration as the Trustee and District may agree and (c) deposit funds in the amount and in the Funds established and as set forth in the Declaration of Trust.

Assignments and Subleases

The Trustee will hold the Base Lease and its rights thereunder for the benefit of the Owners of the Certificates. The Trustee may assign the Base Lease and its rights thereunder or lease or sublease the Leased Property without the written consent of the College (a) in connection with any assignment of its rights under the Lease, (b) if the Lease is terminated for any reason or (c) if any Event of Default under the Lease has occurred.

Termination

The Base Lease will terminate upon the completion of its stated term; provided, however, that if the College pays the Purchase Price or all of the Rent Payments pursuant to the Lease and exercises its option to purchase the Trustee's interest in the Leased Property, then the Base Lease will be considered assigned to the College and terminated through merger of the leasehold interest under the Base Lease with the fee interest of the College if the College is the owner of the fee interest.

Default

The College will not have the right to exclude the Trustee from the Leased Property or take possession of the Leased Property (other than pursuant to the Lease) or to terminate the Base Lease prior to the expiration of its term upon any default by the Trustee thereunder, except that if, upon the exercise of the option to purchase the

Trustee's interest in the Leased Property granted to the College in the Lease and after the payment of the Purchase Price specified therein and other sums payable under the Lease, the Trustee fails to convey its interest in the Leased Property to the College pursuant to said option, then the College will 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 Trustee. In the event of any default by the Trustee thereunder, however, the College may maintain an action, if permitted in equity, for specific performance.

SUMMARY OF CONTINUING DISCLOSURE AGREEMENT

The College has covenanted in the Continuing Disclosure Agreement to provide certain financial information and operating data and notices of certain events while the Bonds (defined below) remain outstanding, in accordance with the requirements of the Rule. The following is a summary of certain provisions contained in the Continuing Disclosure Agreement and is qualified in its entirety by reference to the Continuing Disclosure Agreement.

Definitions

In addition to words and terms defined elsewhere in this *Appendix C*, the following words and terms shall have the definitions set forth below.

“Annual Report” means any Annual Report provided by the College pursuant to, and as described in, the Continuing Disclosure Agreement.

“Beneficial Owner” means, with respect to a series of Bonds, any registered owner of any Bonds of such series and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds of such series (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds of such series for federal income tax purposes.

“Bonds” means all bonds or other obligations of the College identified in the Continuing Disclosure Agreement as may be supplemented and amended. The College may make future series of Bonds subject to the Continuing Disclosure Agreement by delivering an adoption agreement to the Dissemination Agent.

“Business Day” means a day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the principal corporate trust office or designated payment office of the trustee, any paying agent, or the Dissemination Agent, as applicable, is located are required or authorized by law to remain closed or (c) a day on which the Securities Depository or the New York Stock Exchange is closed.

“Dissemination Agent” means UMB Bank, N.A., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the College.

“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.

“Fiscal Year” means the 12-month period beginning on July 1 and ending on June 30 or any other 12-month period selected by the College as its Fiscal Year for financial reporting purposes.

“Material Events” means any of the events listed under the heading **“Reporting of Material Events.”**

“MSRB” means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“Participating Underwriter” means each of the original underwriters of a series of Bonds required to comply with the Rule in connection with the offering of Bonds of that series.

“Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

Provision of Annual Reports

The College shall, or shall cause the Dissemination Agent to, not later than **180** days after the end of the College’s Fiscal Year, file with the MSRB, through EMMA, the following financial information and operating data (the “*Annual Report*”): (the **“Annual Report”**):

- (a) The audited financial statements of the College for the prior Fiscal Year prepared in accordance with the accounting principles described in the notes to the financial statements included as part of the final Official Statement for the Series 2017 Certificates and audited by its independent auditors. If audited financial statements are not available by the time the Annual Report is required to be provided pursuant to the Continuing Disclosure Agreement, the Annual Report shall contain unaudited financial information in a format similar to the audited financial statements contained in the final Official Statement for the Series 2017 Certificates, and the audited financial statements shall be provided in the same manner as the Annual Report promptly after they become available.
- (b) Updates as of the end of the Fiscal Year of certain financial information and operating data as described under the following captions in the final Official Statement for the Series 2017:
 - (1) **“THE COLLEGE – Enrollment.”**
 - (2) **“FINANCIAL INFORMATION CONCERNING THE COLLEGE – Statement of Receipts, Expenditures and Fund Balances.”**
 - (3) **“DEBT STRUCTURE OF THE COLLEGE – Long-Term General Obligation Indebtedness.”**
 - (4) **“PROPERTY TAX INFORMATION – Property Valuations – *Current Assessed Valuation.*”**
 - (5) **“PROPERTY TAX INFORMATION – Property Valuations – *History of Property Valuations.*”**
 - (6) **“PROPERTY TAX INFORMATION – Tax Collection Record.”**

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the College is an **“obligated person”** (as defined by the Rule), which have been filed with the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The College shall clearly identify each other document so included by reference.

Reporting of Material Events

No later than **10** Business Days after the occurrence of any of the following events, the College shall give, or cause to be given, to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Bonds (“**Material Events**”):

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of bondholders, if material;
- (h) bond calls, if material, and tender offers;
- (i) defeasances;
- (j) release, substitution or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the College; (which shall be deemed to occur as provided in the Rule);
- (m) the consummation of a merger, consolidation, or acquisition involving the College or the sale of all or substantially all of the assets of the College, 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
- (n) appointment of a successor or additional trustee or the change of name of the trustee, if material.

Termination of Reporting Obligation

The College’s obligations under the Continuing Disclosure Agreement for a particular series of Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of all of that series of Bonds. If the College’s obligations under the Continuing Disclosure Agreement are assumed in full by some other entity, such entity shall be responsible for compliance with the Continuing Disclosure Agreement in the same manner as if it were the College, and the College shall have no further responsibility hereunder. If such assumption occurs prior to the final maturity of such Bonds, the College shall give notice of such assumption in the same manner as for a Material Event.

Dissemination Agent

The College may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Continuing Disclosure Agreement, and may discharge any such Dissemination Agent with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign as Dissemination Agent hereunder at any time upon **30** days prior written notice to the College. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the College pursuant to the Continuing Disclosure Agreement. The initial Dissemination Agent is UMB Bank, N.A.

Additional Information

Nothing in the Continuing Disclosure Agreement will be deemed to prevent the College from disseminating any other information, using the means of dissemination set forth in the Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by the Continuing Disclosure Agreement. If the College chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is specifically required by the Continuing Disclosure Agreement, the College will have no obligation under the Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Default

If the College fails to comply with any provision of the Continuing Disclosure Agreement, with respect to a series of Bonds, any Participating Underwriter or any Beneficial Owner of the Bonds of such series may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the College to comply with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement will not be deemed an event of default, and the sole remedy under the Continuing Disclosure Agreement if there is any failure of the College to comply with the Continuing Disclosure Agreement will be an action to compel performance.

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