New Issue – Book-Entry Only – Bank Qualified **Moody's Rating: A1**

In the opinion of Gilmore & Bell, P.C., Special Tax Counsel, 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 City and distributed to the registered owners of the Certificates (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, except as described in this Official Statement, 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 City and distributed to the registered owners of the Certificates is exempt from Missouri income taxation by the State of Missouri, and (3) the Certificates are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX MATTERS" in this Official Statement.

$9,055,000
CERTIFICATES OF PARTICIPATION
(CITY OF FERGUSON, MISSOURI, LESSEE), SERIES 2013
EVIDENCING A PROPORTIONATE INTEREST OF THE OWNERS THEREOF IN BASIC RENT PAYMENTS TO BE MADE BY THE CITY OF FERGUSON, MISSOURI PURSUANT TO AN ANNUALLY RENEWABLE LEASE PURCHASE AGREEMENT

Dated: Date of delivery **Due: April 1, as shown on the inside cover page**

The Certificates evidence proportionate ownership interests in the right to receive Basic Rent to be paid by the City of Ferguson, Missouri (the "City") under an annually renewable Lease Purchase Agreement dated as of January 1, 2013 (the "Lease"), between UMB Bank, N.A., Kansas City, Missouri (the "Trustee"), as lessor, and the City, as lessee. The Certificates will be executed and delivered pursuant to a Declaration of Trust dated as of January 1, 2013 (the "Declaration") by the Trustee.

The Certificates will be delivered as fully registered certificates, without coupons, as herein described, and, when delivered, will be registered in the name of Cede & Co., as Certificate Owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Certificates. Purchases of the Certificates will be made in book-entry only form. The Certificates will be delivered in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Certificates purchased. See "APPENDIX C - BOOK-ENTRY ONLY SYSTEM" herein. The Certificates are subject to optional prepayment prior to maturity as described more fully herein under the caption "THE CERTIFICATES - Prepayment."

The Interest Portion of Basic Rent represented by the Certificates will be payable semiannually on April 1 and October 1, commencing on October 1, 2013. So long as DTC or its nominee, Cede & Co., is the Certificate Owner, the Principal Portion and Interest Portion of Basic Rent represented by the Certificates will be made by the Trustee directly to such Certificate Owner. Disbursement of such payments to the DTC Participants is the responsibility of DTC. Distribution of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Certificates represent proportionate ownership interests in Basic Rent to be paid by the City. The City's obligation to pay Basic Rent and other payment obligations of the City under the Lease are subject to and dependent upon annual appropriations being made by the City for such purpose. The Certificates shall not constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter debt limitation or restriction, and neither the full faith and credit nor the taxing power of the City, the State of Missouri nor any political subdivision of such State is pledged to the payment of the Certificates, Basic Rent or Supplemental Rent. An investment in the Certificates involves certain risks. Prospective purchasers should evaluate the risks of an investment in the Certificates before considering a purchase of the Certificates. See the captions "SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES" and "RISK FACTORS AND INVESTMENT CONSIDERATIONS."

The Certificates are offered when, as, and if delivered and received by the Underwriter, subject to receipt of an approving opinion of Gilmore & Bell, P.C., St. Louis, Missouri, Special Tax Counsel. Certain legal matters will be passed upon for the City by its counsel, Curtis, Heinz, Garrett & O'Keefe, PC, St. Louis, Missouri. Certain legal matters will be passed upon for the Underwriter by Spencer Fane Britt & Browne LLP, St. Louis, Missouri. It is expected that the Certificates in definitive form will be available for delivery at DTC in New York, New York on or about January 30, 2013.

STIFEL NICOLAUS

This Official Statement is dated January 22, 2013.

MATURITY SCHEDULE

April 1	Amount	Rate	Price
2014	$325,000	2.000%	101.511%
2015	370,000	2.000	102.140
2016	375,000	2.000	102.637
2017	385,000	2.000	102.831
2018	390,000	2.000	102.477
2019	400,000	2.000	101.477[C]
2020	410,000	2.000	100.489[C]
2021	415,000	2.250	100.729[C]
2022	425,000	2.500	101.212[C]
2023	435,000	2.625	101.085[C]
2024	450,000	2.750	101.203[C]
2025	460,000	2.875	101.199[C]
2026	475,000	3.000	101.194[C]
2027	490,000	3.000	100.713[C]
2028	500,000	3.000	100.235[C]
2029	515,000	3.000	99.362
2030	535,000	3.000	98.673
2031	550,000	3.000	97.934
2032	565,000	3.100	98.572
2033	585,000	3.125	98.158

[C] Priced to a call date of April 1, 2018.

CITY OF FERGUSON, MISSOURI

MAYOR

James W. Knowles III

COUNCIL MEMBERS

Mark J. Byrne, Ward 1	Kim Tihen, Ward 1
Dwayne T. James, Ward 2	Tim Larson, Ward 2
David G. Conway, Ward 3	Mike Salant, Ward 3

CITY MANAGER	**DIRECTOR OF FINANCE**
John Shaw	Jeffrey B. Blume

CITY ATTORNEY

Curtis, Heinz, Garrett & O'Keefe, PC
St. Louis, Missouri

SPECIAL TAX COUNSEL

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

FINANCIAL ADVISOR

WM Financial Strategies
St. Louis, Missouri

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman, or other person has been authorized by the City, the Financial Advisor, or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City, the Financial Advisor, or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Certificates 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 furnished by the City and from other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Financial Advisor or the Underwriter. This Official Statement is not to be construed as a contract or agreement between the City or the Underwriter and the purchasers or owners of any of the Certificates. The information and expressions of opinion contained 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 affairs of the City since the date hereof.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that is based on the City's beliefs as well as assumptions made by and information currently available to the City. Forward-looking statements are identified by terminology such as "may," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "projects," "potential," "continues," or the negative of these terms or other comparable terminology. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

The Certificates 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.

Certain persons participating in this offering may engage in transactions that maintain or otherwise affect the price of the Certificates. Specifically, the Underwriter may overallot in connection with the offering, and may bid for, and purchase, the Certificates in the open market. The prices and other terms respecting the offering and sale of the Certificates may be changed from time to time by the Underwriter after the Certificates are released for sale, and the Certificates may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Certificates into investment accounts.

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CERTIFICATE ISSUE SUMMARY

This Certificate Issue Summary is expressly qualified by the entire Official Statement, which is provided for the convenience of potential investors and which should be reviewed in its entirety by potential investors.

City:	City of Ferguson, St. Louis County, Missouri.
Issue:	$9,055,000 Certificates of Participation (City of Ferguson, Missouri, Lessee), Series 2013, evidencing a proportionate interest of the owners thereof in basic rent payments to be made by the City of Ferguson, Missouri, pursuant to an Annually Renewable Lease Purchase Agreement.
Dated Date:	Date of delivery.
Interest Due:	April 1 and October 1, commencing October 1, 2013.
Principal Due:	Principal will be due on April 1 in the years detailed on the inside cover page of this Official Statement.
Prepayment:	The Certificates maturing on and after April 1, 2019 are subject to prepayment prior to maturity at the option of the City on April 1, 2018 and thereafter in whole or in part at any time at a price of 100% of the Principal Portion of Basic Rent represented thereby plus the Interest Portion of Basic Rent accrued thereon to the Prepayment Date.
Security:	The Certificates will be payable solely from Basic Rent to be paid by the City under the Lease and certain other funds available to the Trustee as described under "SECURITY FOR THE CERTIFICATES" herein.
Fiscal Year:	The City operates on a fiscal year that commences on July 1 of each year and ends on the following June 30 ("Fiscal Year").
Rating:	Moody's Investors Service has assigned the Certificates a rating of "A1". See "RATING" herein.
Purpose:	The Certificates are being delivered for the purpose of providing funds to (i) reimburse the City for the acquisition of land and four buildings acquired by the City in 2012, (ii) renovate two of the buildings for use as a new community center, (iii) renovate the City's Police Station and (iv) pay the cost of delivering the Certificates.
Tax Exemption:	Gilmore & Bell, P.C., Special Tax Counsel, will provide an opinion as to the tax exemption of the Interest Portion of Basic Rent paid by the City and distributed to the registered owners of the Certificates as discussed under "TAX MATTERS" herein.
Bank Qualified:	The City's obligation to pay Basic Rent under the Lease has been designated as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Trustee: UMB Bank, N.A., Kansas City, Missouri.

Book-Entry Form: The Certificates will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Certificates.

OFFICIAL STATEMENT
Relating to
$9,055,000
CERTIFICATES OF PARTICIPATION
(CITY OF FERGUSON, MISSOURI, LESSEE), SERIES 2013
EVIDENCING A PROPORTIONATE INTEREST OF THE OWNERS THEREOF IN BASIC RENT PAYMENTS TO BE MADE BY
THE CITY OF FERGUSON, MISSOURI
PURSUANT TO AN ANNUALLY RENEWABLE LEASE PURCHASE AGREEMENT

INTRODUCTION

This Official Statement, including the cover page and Appendices hereto, is provided by the City of Ferguson, Missouri (the "City"), to furnish information in connection with its offering of $9,055,000 principal amount of Certificates of Participation (City of Ferguson, Missouri, Lessee), Series 2013 (the "Certificates"). The Certificates evidence proportionate ownership interests in the right to receive rent payments (the "Basic Rent") to be made by the City, pursuant to an annually renewable Lease Purchase Agreement dated as January 1, 2013 (the "Lease"), between the Trustee, as lessor, and the City, as lessee.

The Certificates are being delivered for the purpose of providing funds to (i) reimburse the City for the acquisition of land and four buildings acquired by the City in 2012, (ii) renovate two of the buildings for use as a new community center, (iii) renovate the City's Police Station and (iv) pay the cost of delivering the Certificates (collectively, the "Project"). The Project is described in greater detail herein under the caption "THE PROJECT."

The Certificates will be executed and delivered pursuant to a Declaration of Trust dated as of January 1, 2013 (the "Declaration"), made by the Trustee. The City will lease to the Trustee, pursuant to a Base Lease dated as of January 1, 2013 (the "Base Lease"), a parcel of land encompassing approximately 2.75 acres, on which the City's Police Station is currently situated, together with any improvements hereafter situated thereon (the "Leased Property"), and the Trustee will sublease the Leased Property back to the City pursuant to the Lease. See "THE LEASED PROPERTY" herein for additional information regarding the Leased Property.

The Certificates are payable solely from Basic Rent to be paid by the City under the Lease and, to the extent received by the Trustee, Net Proceeds from certain insurance policies, condemnation awards or proceeds from the liquidation of the Trustee's leasehold interest in the Leased Property. Basic Rent payments made by the City under the Lease are payable solely from amounts which may, but are not required to be, appropriated annually by the City and shall not constitute a debt of the City, nor has the City pledged general tax revenues, funds or money of the City to pay such obligation. Neither the Certificates nor the Lease and none of the payments required under the Lease constitute a mandatory payment obligation of the City in any Fiscal Year beyond the Fiscal Year during which the City is a lessee under the Lease, or constitute or give rise to a general obligation or other indebtedness of the City.

Brief descriptions of the Certificates, risk factors, the City, the Leased Property, the Lease, the Declaration, the Base Lease and the Continuing Disclosure Undertaking (as defined herein) are included in this Official Statement and the Appendices hereto. Such descriptions and summaries do not purport to be comprehensive or definitive. Reference is hereby made to such documents in their entirety for the complete provisions thereof. Copies of such documents are available for inspection at the principal corporate trust office of the Trustee.

THE CERTIFICATES

General Description

The Certificates are dated as of the date of delivery and will mature on April 1 in each of the years and in the amounts shown on the inside cover page of this Official Statement. The Interest Portion of Basic Rent represented by the Certificates will be payable semiannually thereafter on April 1 and October 1, commencing October 1, 2013.

The Certificates will be delivered as fully registered certificates, without coupons, and, when delivered, will be registered in the name of Cede & Co., as Certificate Owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Certificates. Purchases of the Certificates will be made in book-entry only form. The Certificates will be delivered in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing the Interest Portion of Basic Rent represented by the Certificates. See "APPENDIX C - BOOK-ENTRY ONLY SYSTEM" herein.

The Principal Portion of Basic Rent represented by the Certificates shall be payable to the Registered Owners thereof in lawful money of the United States of America upon presentation and surrender of such Certificates as they respectively become due at the principal payment office of the Trustee. The Interest Portion of Basic Rent represented by the Certificates shall be payable at the close of business on the Record Date (a) by check or draft mailed by the Trustee to the Registered Owner at the address appearing on the registration books maintained by the Trustee on the fifteenth day of the calendar month preceding such payment date, or (b) in the case of payment of an Interest Portion to any Registered Owner of $500,000 or more in aggregate principal amount of Certificates, by electronic transfer to such Registered Owner upon written notice given to the Trustee and signed by such Registered Owner, not less than 15 days prior to the Record Date for such payment, containing the electronic transfer instructions including the bank (which shall be in the continental United States), ABA routing number and account number to which such Registered Owner wishes to have such transfer directed.

Registration, Transfer and Exchange of Certificates Upon Discontinuance of Book-Entry Only System

The Registrar will keep or cause to be kept at its principal corporate trust office the Register, which shall at all reasonable times be open to inspection by the Trustee and the City. Upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Register, Certificates as provided in the Declaration.

Any Certificate may be transferred upon the Register by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Certificate for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee. The Certificate Owner requesting such exchange will be required to pay any tax or other governmental charge with respect to such exchange. No exchange of any Certificate shall be required of the Trustee after such Certificate has been called for prepayment. In the event any Certificate Owner fails to provide a correct taxpayer identification number to the Trustee, the Trustee may impose a charge against such Certificate Owner sufficient to pay any governmental charge required to be paid as a result of such failure. Such amount may be deducted by the Trustee from amounts otherwise payable to such Certificate Owner under the Declaration or under the Certificates.

Certificates may be exchanged at the principal corporate trust office of the Trustee for Certificates representing a like aggregate Principal Portion of Basic Rent and of the same Payment Date, interest rate and tenor.

Prepayment

Optional Prepayment

The Certificates maturing on and after April 1, 2019 are subject to prepayment prior to maturity at the option of the City on April 1, 2018 and thereafter in whole or in part at any time at a price of 100% of the Principal Portion of Basic Rent represented thereby plus the Interest Portion of Basic Rent accrued thereon to the Prepayment Date. If less than all of the Outstanding Certificates are called for optional prepayment, Certificates will be prepaid in such order of stated payment dates as is determined by the City. Within a stated payment date the Trustee will select the Certificates or any given portion thereof to be prepaid in such equitable manner as the Trustee determines in principal amounts of $5,000 or integral multiples thereof.

Extraordinary Optional Prepayment

The Certificates are subject to extraordinary optional prepayment prior to their respective stated maturities, at any time, 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 thereon to the prepayment date, in the event of substantial damage to or destruction or condemnation (other than the condemnation by the City or any entity acting on its behalf) 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 administration action by the State or the United States, the Base Lease or the Lease becomes unenforceable and the City purchases the Trustee's interest in the Leased Property, pursuant to the Lease.

Notice of Prepayment

Except as otherwise provided in the Declaration, notice of prepayment shall be given by the Trustee, not less than 30 nor more than 60 days prior to the prepayment date to the City and the Registered Owner of each Certificate affected at the address shown on the registration books of the Trustee on the date such notice is mailed. Each notice of prepayment will state the prepayment date, the place of prepayment, the Prepayment Price and that the proposed prepayment is conditioned upon there being on deposit in the applicable fund or account on the prepayment date sufficient money to pay the full Prepayment Price of the Certificates to be prepaid. Such notice will also state that the Interest Portion of Basic Rent represented by the Certificates designated for prepayment will cease to accrue from and after such prepayment date and that on that date the Prepayment Price will become due and payable on each of said Certificates. The failure of the Registered Owner of any Certificate to receive notice of such prepayment mailed as provided in the Declaration shall not affect or invalidate the prepayment of said Certificate.

Effect of Prepayment

Certificates shall become due and payable at the Prepayment Price and the Interest Portion of Basic Rent represented by the Certificates so called for prepayment shall cease to accrue, following notice of prepayment as provided in the Declaration and the deposit of funds for payment of the Prepayment Price of such Certificates with the Trustee, on the prepayment date designated in such notice. Said Certificates shall cease to be entitled to any benefit or security under the Declaration and the Registered Owners of such Certificates shall have no rights in respect thereof except to receive payment of the Prepayment Price.

SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES

Each Certificate evidences ownership of a proportionate interest in payments to be made under the Lease. The Trustee is acting in a fiduciary capacity under the Declaration. The Trustee agrees to hold Basic Rent and other moneys received under the Lease in trust solely for the benefit of the Certificate Owners.

Basic Rent payments made by the City under the Lease are payable solely from amounts which may, but are not required to be, appropriated annually by the City and shall not constitute a debt of the City. The City has not and shall not pledge general tax revenues, funds or moneys of the City to pay such obligation other than in the Fiscal Year, as defined below, in which funds have been budgeted for such payment. Neither the Certificates, the Lease, nor any payments required under the Lease will constitute a mandatory payment obligation of the City in any Fiscal Year beyond the Fiscal Year during which the City is a lessee under the Lease, or constitute or give rise to a general obligation or other indebtedness of the City. The Initial Term of the Lease is to commence on the date of delivery of the Certificates and end on June 30, 2013. Under the Lease, the City has the option of extending the term of the Lease for nineteen consecutive one-year terms commencing July 1, 2013, and a final renewal term commencing July 1, 2032 and ending April 1, 2033. The City 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 City will appropriate funds to pay Basic Rent or renew the Lease beyond the expiration of the Initial Term or any Renewal Term. The City may terminate its obligations under the Lease on an annual basis.

The payments due on the Certificates are to be made by the Trustee from the Basic Rent paid to it by the City pursuant to the Lease, from the proceeds of the sale of the Certificates (including the amount collected as accrued interest), from certain investment proceeds earned from the investment of moneys being held in the various trust funds, as hereafter described, and, to the extent received by the Trustee, Net Proceeds of certain insurance policies, condemnation awards or proceeds from the liquidation of the Trustee’s interest in the Leased Property.

In the Lease, the City Council directs the Director of Finance or any other officer of the City at any time charged with the responsibility of formulating budget proposals, subject to the provisions of the Lease, from and after delivery of the Certificates and so long as any of the Certificates are outstanding to include in each annual budget prepared and presented to the City Council an appropriation of the amount necessary to make Basic Rent payments that equal the debt service on the Certificates, as provided in the Lease.

The Declaration provides for the delivery of Additional Certificates that rank on a parity with the Certificates. Additional information regarding the conditions under which Additional Certificates may be delivered is described in “APPENDIX B - DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF PRINCIPAL DOCUMENTS.”

The Certificates, the Basic Rent and Supplemental Rent due under the Lease do not constitute an obligation of the City in any Fiscal Year subsequent to a Fiscal Year as to which the City has appropriated funds to pay Basic Rent and reasonably estimated Supplemental Rent to come due under the Lease. In the event the City fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent and other amounts reasonably anticipated to come due under the Lease during the immediately following Fiscal Year, the Lease will terminate at the end of the then current Fiscal Year. Upon termination of the Lease, the Certificates will be payable solely from moneys, if any, held by the Trustee under the Declaration and any amounts resulting from a sale or subleasing of the Trustee’s leasehold interest in the Leased Property. Any moneys available therefor may be less than the outstanding Principal Portion and Interest Portion of the Basic Rent represented by the Certificates. The obligation of the City to pay Basic Rent and, thus, the Certificates, will constitute a current expense of the City and will not be a debt of the City in

contravention of any applicable constitutional, statutory or charter limitation or requirement concerning the creation of indebtedness by the City, and will not constitute a pledge of the general tax revenues, funds, properties or moneys of the City beyond any then current Fiscal Year during which the Lease is in effect. The City has no authority to levy any taxes in order to raise revenues to pay Basic Rent or Supplemental Rent.

The Trustee does not have any obligation to make, and will not make, any payment on the Certificates from the Trustee's own funds.

A prospective purchaser of the Certificates should be aware that there are certain risks associated with the Certificates. See the caption "RISK FACTORS AND INVESTMENT CONSIDERATIONS" below.

A description of the sources of revenue from which the City expects to annually appropriate funds for payment of the Certificates is included under the caption "THE PROJECT – Payment of the Certificates and Operating Costs."

RISK FACTORS AND INVESTMENT CONSIDERATIONS

The payment of the Certificates is subject to certain investment risks. Certain of the risks associated with purchasing the Certificates are outlined below. *This discussion of risk factors is not, and is not intended to be, comprehensive or exhaustive, but should be considered prior to purchasing the Certificates.*

Termination of the Lease and Limited Source of Payment. The Certificates are payable from Basic Rent due from the City under the Lease, which payments are subject to annual appropriation. The City is not obligated to pay Basic Rent under the Lease in any Fiscal Year for which the City Council has not appropriated such payments. Neither the Basic Rent nor any other payments under the Lease nor any payments on the Certificates constitute a general obligation or other indebtedness of the City or a mandatory payment obligation of the City.

The obligations of the City under the Lease are limited to those funds which have been specifically budgeted and appropriated annually by the City Council for such purpose. The Certificates are payable solely from Basic Rent during the term of the Lease (except to the extent payable from the proceeds of the Certificates and income from the investment thereof, the Net Proceeds of certain insurance policies, condemnation awards, or proceeds from the liquidation of the Trustee's leasehold interest in the Leased Property). The City's obligations under the Lease may be terminated on an annual basis by the City without any penalty, and there is no assurance that the City will continue to make payments under the Lease beyond any current Fiscal Year.

Accordingly, the likelihood that there will be sufficient funds during the life of the Certificates to pay the total Principal Portion and Interest Portion of the Basic Rent represented by the Certificates is dependent upon certain factors that are beyond the control of the Certificate Owners, including (1) the continuing need of the City for property such as the Leased Property, (2) the demographic conditions within the City, (3) the economy, (4) the ability of the City to generate sufficient funds from taxes and other sources to pay obligations of the City, (5) Ecommerce which could result in a reduction in future sales taxes, and (6) the value of the Trustee's leasehold interest in the Leased Property in a liquidation proceeding or reletting of the Leased Property instituted by the Trustee in the event of a termination of the Lease.

No Reserve Fund. No reserve fund has been established to pay Basic Rent in the event City funds are not annually appropriated or sufficient to make such payments.

Results of Nonappropriation. In the event that the City does not budget and appropriate, specifically with respect to the Lease, moneys sufficient to pay all Basic Rent and all other amounts due under the Lease coming due each year during the term of the Lease and any renewals thereof, the Lease will be deemed to be terminated. The Lease is also subject to termination by the Trustee if an Event of Default has occurred and is continuing. For a discussion of the results of a termination, see the sections of "APPENDIX B - DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF PRINCIPAL DOCUMENTS" titled "SUMMARY OF THE LEASE – Nonappropriation," "SUMMARY OF THE LEASE – Remedies on Default," and "SUMMARY OF THE DECLARATION OF TRUST - Other Remedies."

Upon a termination of the Lease by the City or by reason of an Event of Default, the City 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.

The Leased Property may not be reasonably or easily converted to alternative uses. A potential purchaser of the Certificates should not assume that it will be possible to liquidate the Trustee's interest in the Leased Property after a termination of the Lease for an amount equal to the aggregate Principal Portion of the Basic Rent represented by the Certificates then outstanding plus accrued interest thereon.

Changes in Taxation or Assessment. Sales taxes in St. Louis County are collected by St. Louis County and are distributed to cities based on the point of sale or on a per capita basis. See the caption "SOURCES OF REVENUE – Sales Taxes." Legislation was introduced in 2011 and 2012 which, if approved, would have changed the method of distributing taxes to cities in St. Louis County. If legislation is adopted in the future which changes the method of sales tax distribution it could negatively impact the City's general revenues. Additionally, during the term of the Lease, legislation could be enacted that changes the method of property assessment or property taxation.

Effects of Termination of the Lease on the Certificates. SPECIAL TAX COUNSEL HAS RENDERED NO OPINION AS TO THE TREATMENT FOR FEDERAL AND MISSOURI INCOME TAX PURPOSES OF ANY MONEYS RECEIVED BY A REGISTERED OWNER OF THE CERTIFICATES SUBSEQUENT TO TERMINATION OF THE LEASE BY REASON OF NONAPPROPRIATION OR AN EVENT OF DEFAULT. THERE IS NO ASSURANCE THAT ANY MONEYS RECEIVED BY THE REGISTERED OWNERS OF THE CERTIFICATES SUBSEQUENT TO SUCH TERMINATION WILL BE EXCLUDABLE FROM FEDERAL OR MISSOURI INCOME TAXATION.

Special Tax Counsel has rendered no opinion with respect to the applicability or inapplicability of the registration requirements of the Securities Act of 1933, as amended, to any Certificate subsequent to termination of the Term of the Lease by reason of an Event of Nonappropriation or an Event of Default. If the Initial Term or any Renewal Term is terminated by reason of such events, there is no assurance that the Certificates may be transferred by a Registered Owner thereof without compliance with the registration provisions of the Securities Act of 1933, as amended, or the availability of an exemption therefrom.

Taxability. The Certificates are not subject to prepayment nor is the interest rate on the Certificates subject to adjustment in the event of a determination by the Internal Revenue Service or a court of competent jurisdiction that the Interest Portion of the Basic Rent paid or to be paid on any Certificate is or was includible in the gross income of the Registered Owner for federal income tax purposes. Under such circumstances, Registered Owners would continue to hold their 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 the Basic Rent in gross income for federal and Missouri income tax purposes.

Risk of Audit. The Internal Revenue Service has established an ongoing program to audit tax-exempt obligations like the Certificates to determine whether interest on such obligations should be excluded from gross income for federal income tax purposes. No assurance can be given that the Service will not commence an audit of the Certificates. If an audit results in a negative determination with respect to the Certificates, there could be a loss to the owners thereof of the tax exemption of the Interest Portion of Basic Rent on the Certificates for federal and State of Missouri income tax purposes. Owners of the Certificates are advised that, if an audit of the Certificates were commenced, the Internal Revenue Service, in accordance with its current published procedures, will treat the City as the taxpayer, and the owners of the 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 Certificates during the pendency of the audit, regardless of the ultimate outcome of the audit.

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

No Mortgage of the Leased Property. Payment of the Principal Portion and Interest Portion of the Basic Rent represented by the Certificates is not secured by any deed of trust, mortgage or other lien on the Leased Property or any portion thereof, nor by any pledge of the revenues to be derived from the operation of the Leased Property. The Certificates are secured, however, by a pledge and assignment under the Declaration of all right, title and interest of the Trustee in and to a leasehold estate in the Leased Property under the Base Lease for twenty years beyond the final scheduled Basic Rent Payment Date of the Certificates. See "APPENDIX B – DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF PRINCIPAL DOCUMENTS - SUMMARY OF THE BASE LEASE" herein.

Special Use Facility; Limited Term. The Leased Property may not be easily adaptable for revenue-producing uses. Although the Trustee has the right under the Declaration and the Lease to take possession and relet the Leased Property for the remaining term of the Base Lease upon the occurrence of an Event of Default, no assurance can be made that the Leased Property could generate sufficient revenues to pay the Principal Portion and Interest Portion of the Basic Rent represented by the Certificates upon the exercise of such remedy by the Trustee. The Base Lease extends only to April 1, 2053. There can be no assurance, upon the occurrence of an Event of Default, that the then remaining term of the Base Lease would permit the Trustee to relet the Leased Property for sufficient revenues to pay the Principal Portion and Interest Portion of the Basic Rent represented by the Certificates upon the exercise of such remedy by the Trustee.

Enforceability. The remedies available upon an Event of Default under the Declaration will, in many respects, be dependent upon judicial decisions which are subject to discretion and delay. Upon the occurrence of bankruptcy, reorganization, insolvency or similar events by the City or the Trustee, under existing constitutional and statutory law and judicial decisions, the remedies specified by the federal bankruptcy code or in the Declaration may not be readily available or may be limited. The various legal opinions to be delivered with the Certificates will be qualified as to the enforceability of the various legal instruments by reference to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

THE CITY

General

Located in St. Louis County, the City covers approximately 7 square miles and is within a Metropolitan Statistical Area ("MSA"), which, at the time of the 2010 census, was comprised of the City of St. Louis, St. Louis County and St. Charles County, and parts of the counties of Washington, Franklin, Jefferson, Warren and Lincoln in Missouri, and parts of the counties of Bond, Calhoun, Jersey, Macoupin, Madison, St. Clair, Clinton, and Monroe in Illinois.

The City is located approximately 13 miles northwest of downtown St. Louis and its boundaries are within 2 miles of three highways, which provide the City with excellent access to the entire St. Louis metropolitan area.

The City was named for William B. Ferguson, an early resident who owned a large acreage in the area, a portion of which was donated to the railroad in exchange for the railroad's establishment of a stop and erection of a station on that site. This led to increased development of the surrounding area and incorporation of the City in 1894. Today the City is an attractive suburban residential community with an economic base represented by a mixture of commercial enterprises, numerous small specialty shops and support services. The City has retained several of its historic landmarks including a railroad station built in 1876.

Government

The City is a home-rule city as permitted under the Constitution of Missouri. Under its charter, adopted in 1955, the City is governed under the Council/Manager form of government. The legislative body of the City is the City Council which is comprised of six council members and a mayor. In each of two consecutive years, one council member is elected from each of the City's three wards to serve a three year term. The Mayor is elected at large to serve a three-year term. Council members and the Mayor may serve for not more than three successive terms. The Mayor may vote on any matter before the City Council but has no veto power.

The City Manager is appointed by the City Council. The City Manager is responsible for the day-to-day management of the City's government business and staff. The City Manager is also responsible for the employment and discharge of non-elected City officials under policies established by the City Council.

The City's chief financial officer is the Director of Finance who is appointed by the City Manager. The Director of Finance is responsible for the preparation of the City's budget, comprehensive annual financial report and capital improvement plan, investment of idle funds and reserves, and the management of the City's other financial functions.

City services and functions are divided into the following departments: Police, Fire, Public Works, Parks and Recreation, Administration, Finance and Personnel. The Mayor and City Council appoint citizens to boards and commissions with advisory responsibility for certain governmental functions, including the Board of Adjustment, Park Board, Planning Commission, Architectural Review Board, Housing Board of Appeals, Building Board of Appeals, Personnel Board, Pension Board, Traffic Commission, Senior Citizens Commission, Ferguson Neighborhood Improvement Program Board, and Library Board.

Employees

The City has 135 full-time and 20 regular part-time employees. Approximately 24 employees of the Fire Department are members of the International Association of Firefighters, Local 2665 ("IAFF") and approximately 45 employees of the Police Department are members of the Fraternal Order of Police. The City has a memorandum of understanding with the IAFF and the Fraternal Order of Police.

Pension Plan

The City of Ferguson sponsors a single-employer defined benefit pension plan (the "Plan") for all full-time employees. Plan governance is the responsibility of a seven-member board of trustees (the "Pension Board"). Each year an independent actuary, engaged by the Pension Board, calculates the amount of the annual contribution the City must make to the pension plan to ensure the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plan as determined by the actuary. For a number of years, the City had no actuarially required contribution and, accordingly, made no contribution. In each of the last three fiscal years, the City has made its actuarially required payments.

Additional information regarding the pension plan is included in Note 8 to the financial statements included as APPENDIX A to this Official Statement.

Insurance

The City is a member of the St. Louis Area Insurance Trust (SLAIT), a not-for-profit, self-insurance risk pool, formed by various St. Louis County municipalities. As of July 1, 2012, twenty-seven municipalities were actively participating in SLAIT.

SLAIT was originally formed in August 1986 and was merged with another self-insurance trust in 1998. In addition to insurance protection, SLAIT provides risk management services with emphasis on loss control, claims administration and management information services. SLAIT is fully funded by its member participants and employs an outside service company to process all claims.

Workers compensation coverage is provided by SLAIT. Coverage is also provided by SLAIT for general and auto collision liability, subject to a variable deductible rate assessed per occurrence based on who caused the property damage.

Additional information regarding insurance is included in Note 101 to the financial statements included in APPENDIX A to this Official Statement.

Community Services

Utilities

Stormwater drainage and sewage collection and disposal for the City are provided by the Metropolitan St. Louis Sewer District, a separate taxing authority established under Section 30 of Article VI of the Missouri Constitution and financed by ad valorem taxes and user fees. All other utilities in the City are provided by privately owned companies. Water service is provided by Missouri American Water Company, natural gas is provided by Laclede Gas Company, and electricity is provided by Ameren Missouri (formerly Ameren UE).

Communications and Media

Telecommunication services are provided by AT&T, Charter Communications and several cellular phone companies. The City receives all St. Louis radio stations and television channels. Local newspapers include the *St. Louis Post Dispatch*, a daily paper; the *North County Journal,* a weekly paper; the *Ferguson Times*, a monthly paper; and the *St. Louis Countian*, a legal newspaper published daily. The City receives cable television from Charter Communications.

Within the City is the Ferguson Municipal Library (the "Library") which is a public tax-supported library. The Library has over 75,000 items including books, local and national magazines and newspapers, recorded books, a video collection, a music collection, and computer terminals with internet access.

Public Safety

The Ferguson Fire Department (the "Department") provides fire protection throughout the corporate limits of the City. The Department has 27 full-time firefighters, all of whom are licensed emergency medical technicians. Services are provided from two fire stations. A new 25,000 square foot station is substantially completed and will replace one of the City's existing stations.

The City's fire insurance rating is "3" among ratings ranging from 1 to 10 with 1 as the highest rating. This rating is based on several factors including the number of firefighters and their training, the water distribution system, response time, fire fighting equipment and fire prevention programs of the Department. Public services include a citizens' awareness program to educate homeowners regarding the importance of installing visible house numbers, as well as safety programs for youth, senior citizens, the business community and the general public.

The City's Police Department provides police protection throughout the corporate limits of the City. Services are provided by 52 full-time officers including the Chief. The Police Department sponsors several community service programs, including, among others, Drug Abuse Resistance Education ("D.A.R.E."), Directed Bike Patrol (which provides vacation checks, patrol of closed or under-construction streets and various activities inside parks), Operation Ident (to identify stolen property), School Resource Officers (who coordinate activities in five elementary and one secondary school), Neighborhood Watch (a citizen involvement and crime prevention program), and Business Liaison Program (outreach police program to the business community).

Recreation Activities

The City owns eleven parks encompassing 108 acres. The park with the largest usage is January-Wabash Park. The January-Wabash Park is a regional park attracting approximately 125,000 visitors annually. Located in this 25 acre park is the 5.5 acre January-Wabash Lake, the City's parks and recreation offices, pavilions, playground, concessions, and a bandshell. The City's aquatic center is also located in the park.

Facilities at the City's other parks include softball/baseball fields, soccer fields, tennis courts, handball courts, basketball courts, pavilions, picnic sites, playgrounds, multi-use trails and nature paths.

Residents also enjoy the many attractions located throughout the St. Louis Metropolitan area that are within easy commuting distance including the St. Louis Zoological Park, the Missouri Botanical Gardens, St. Louis Art Museum, Six Flags Over Mid-America, the St. Louis Symphony and several professional sports teams.

Solid Waste Collection

The State of Missouri Solid Waste Management Law requires cities with a population over 500 to develop, adopt and implement a solid waste management plan to ensure that all solid wastes in a community are stored, collected, transported and disposed of properly. The City provides residential collection services through private collectors that are engaged under contract following competitive bidding. Collection services are paid for by the residents directly to the contactor.

Medical

Within five miles of the City are Christian Hospital Northeast, Christian Hospital Northwest and Depaul Hospital. Residents are also within short commuting distance of the numerous other hospitals located in the St. Louis metropolitan area, including the Saint Louis University Hospital and the Barnes Jewish Hospital complex of Washington University. Both hospitals are located in the City of St. Louis and are highly regarded for their medical schools and quality of research.

In addition, numerous dentists and doctors provide medical services from offices and clinics located in the City.

Education

Primary and secondary education within the City is provided primarily by the Ferguson-Florissant School District, except for small portions of the City that are served by the Hazelwood, Riverview Gardens, and Jennings School Districts. These districts are independent of the City, having their own elected or appointed officials, budgets and administrators. The districts are authorized to levy taxes, separate and distinct from those levied by the City.

The Ferguson-Florissant School District operates seventeen elementary schools, three middle schools and four high schools, with a total 2011-2012 school year enrollment of approximately 12,039 students. One of the middle schools, four of the elementary schools and one high school is located in the City. In addition, the City is served by several private schools.

Higher education is provided by the St. Louis Community College, which is part of the tax-supported Missouri junior college system. The College operates four campuses, one of which is located in the City. The Community College offers associates degrees and adult education. In addition to the Community College, numerous other institutions of higher education are located in the St. Louis metropolitan area and are easily accessible to City residents including Saint Louis University, Washington University and the University of Missouri-St. Louis.

Economic and Demographic Data

Population

The following table sets forth population statistics for the City:

Year	Population
1980	24,549
1990	22,290
2000	22,406
2010	21,203

Source: United States Department of Commerce, Bureau of Census.

Transportation

The City is located within 2 miles of Interstate 270, Interstate 70 and Interstate 170 providing the City excellent access to the entire St. Louis metropolitan area.

The Bi-State Development Agency operates MetroLink, a light rail system that connects Lambert St. Louis Airport through downtown St. Louis to East St. Louis, Illinois. MetroLink has two park-n-ride stations within two miles of the City. The Bi-State Development Agency also operates over 100 bus routes covering the St. Louis Metropolitan Area, with five of those routes serving the City.

Regularly scheduled air passenger and freight service is available at Lambert St. Louis International Airport located approximately 1 mile west of the City.

Economy

The City is a suburban residential community with an economic base represented by a mixture of commercial enterprises, numerous small specialty shops, support services and a few small industrial firms. The majority of businesses are located in the City's central business district and along two major thoroughfares.

The City is a developed community. Future growth is primarily limited to redevelopment of business and residential areas, a limited number of scattered vacant parcels and possible future annexation of property outside the corporate limits.

Major Employers

The largest employers located within the City are as follows:

Name	Product or Service	Employees
Ferguson-Florissant School District	Education	1,883(1)
Emerson Electric	Manufacturer Electric Products	804
St. Louis Community College	Education	762
Walmart	Retail Sales	327
Shop N Save (2 Stores)	Grocery Stores	179
Sam's Club	Membership Retail Store	172
Home Depot	Home Building Materials	131
McDonalds Restaurant (2 Stores)	Fast Food	130
Negwer Materials	Construction Materials	100
Cracker Barrel	Restaurant	95

(1) Includes all schools. Within the City are seven schools with approximately 368 employees.
Source: 2012 Comprehensive Annual Financial Report.

Employment

According to the U.S. Bureau of Census, American Community Survey 3-Year Estimates, in the year 2010 the City's civilian labor force was 10,005. The total number of people that were unemployed was 1,401 which was an unemployment rate of 14%.

Building and Construction

The City is fully developed and future growth is primarily limited to redevelopment of business and residential areas. Consequently, new commercial construction occurs only occasionally.

Housing

The following table sets forth statistics relating to housing for the City and, for comparative purposes, St. Louis County, St. Louis MSA, and the State of Missouri:

	Median Value of Owner Occupied Housing	% Built in 2000 or Later	Units Built Before 1940
The City	$ 97,300	1.0%	13.5%
Other Entities:			
St. Louis County	181,600	5.6	10.3
St. Louis MSA	162,200	11.6	17.5
State of Missouri	139,700	12.7	15.4

Source: U.S Census Bureau, 2008-2010 American Community Survey, 3-Year Estimates.

Income

The following table sets forth certain income statistics for the City and, for comparative purposes, St. Louis County, St. Louis MSA, and the State of Missouri:

	Per Capita Income In 2010 Dollars	Median Family Income In 2010 Dollars	% People Below Poverty Level
The City	$20,227	$42,158	18.9%
Other Entities:			
St. Louis County	33,093	73,256	9.9
St. Louis MSA	27,879	66,536	12.4
State of Missouri	24,496	57,226	14.5

Source: U.S Census Bureau, 2008-2010 American Community Survey, 3-Year Estimates.

THE CITY'S FINANCES

Accounting and Reporting Practices

For each of the Fiscal Years from 1985 through 2011, the City has been awarded the Government Finance Officers Association's ("GFOA") Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, the content of which must conform to GFOA's program standards. The report must also satisfy both generally accepted accounting principles and applicable legal requirements.

The City's Comprehensive Annual Financial report is available on the City's website www.Fergusoncity.com.

The accounts of the City are organized on the basis of funds in conformance with generally accepted accounting principles applicable to governments. All government-wide financial statements reflect the accrual basis of accounting and governmental funds use the modified accrual basis of accounting.

The City 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 City Council approves, by resolution, engagement of an independent certified public accountant for the purpose of performing an annual audit of the books of account, financial records and transactions of the City.

Investment Policies

The City has a written investment policy that allows the City to invest idle funds or reserves in securities permitted by the Missouri Revised Statutes, which includes, among other investments, United States Treasury securities, United States agency securities, repurchase agreements, collateralized certificates of deposit, banker's acceptance, and commercial paper. Currently, the City invests principally in certificates of deposit that are within the insured limits of the FDIC, repurchase agreements and in United States agency securities.

Budget Process

The Director of Finance prepares an annual budget under the direction of the City Manager for the ensuing Fiscal Year. The budget is based upon information provided by the various City department heads and other City employees. After a proposed budget is prepared, it is presented to the City Council for review. The City Council may revise, alter, increase or decrease the items contained in the proposed budget, provided that total authorized expenditures from any fund do not exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the budget year. The budget is legally enacted by ordinance following a public hearing on the proposed budget. The City's budget is available on the City's website www.Fergusoncity.com.

Pursuant to the Missouri Revised Statutes, the annual budget must present a complete financial plan for the ensuing Fiscal Year, and must include at least the following information:

(1) A budget message describing the important features of the budget and major changes from the preceding year;

(2) Estimated revenues to be received from all sources for the budget year, with a comparative statement of actual or estimated revenues for the two years next preceding, itemized by year, fund and source;

(3) Proposed expenditures for each department, office, commission, and other classifications for the budget year, together with a comparative statement of actual or estimated expenditures for the two years next preceding, itemized by year, fund, activity and object;

(4) The amount required for the payment of interest, amortization and redemption charges on debt; and

(5) A general budget summary.

Capital Improvement Plan

The City has a five-year capital improvement plan that is updated annually. The capital improvement plan is approved at the same time as the City's operating budget and is available on the City's website www.Fergusoncity.com.

The General Fund

In accordance with established accounting procedures for governmental units, the City records its financial transactions under various funds. The largest is the General Fund, from which all general operating expenses are paid and to which taxes and all other revenues not specifically allocated by law or contractual agreement to other funds are deposited.

The following table indicates the City's General Fund audited revenues, expenditures and changes in fund balance for the Fiscal Years 2009 through 2012:

Summary of Operations
General Fund

	Fiscal Year Ended June 30			
	2009	2010	2011	2012
REVENUES				
Taxes	$ 8,398,490	$ 8,345,487	$ 8,336,304	$ 7,905,132
Licenses, Permits and Fee	649,745	622,392	659,574	699,892
Charges for Services	233,594	357,441	408,524	412,375
Fines and Forfeits	1,391,546	1,394,729	1,520,118	2,227,648
Investment Income	136,836	125,077	57,288	161,552
Other Revenue	204,963	227,605	455,882 (1)	183,564
Total Revenues	11,015,174	11,072,731	11,437,690	11,590,163
EXPENDITURES				
General Government	1,571,405	1,606,737	1,367,131 (2)	1,281,211
Public Safety	7,511,656	7,172,379	7,640,050 (3)	7,756,871
Highways and Streets	1,496,604	1,521,058	1,978,700 (4)	1,975,865
Community Development	264,715	306,965	297,633	267,204
Culture and Recreation	379,514	432,599	383,369	429,933
Capital Outlays	107,295	90,441	72,915	66,456
Total Expenditures	11,331,189	11,130,179	11,739,798	11,777,540
REVENUES OVER EXPENDITURES	(316,015)	(57,448)	(302,108)	(187,377)
OTHER FINANCING SOURCES (USES)				
Transfers In (5)	664,433	719,251	682,436	979,495
CHANGE IN FUND BALANCE	348,418	661,803	380,328	792,118
FUND BALANCE BEGINNING OF YEAR, AS PREVIOUSLY STATED	7,125,121	7,767,229	8,489,486	8,869,814
Correction – Beginning Inventory	—	60,454	—	—
FUND BALANCE BEGINNING OF YEAR, AS RESTATED	7,418,811	7,827,683	8,489,486	8,869,814
FUND BALANCE END OF YEAR	$7,767,229	$8,489,486	$8,869,814	$9,661,932

Footnotes to Prior Page

(1) The increase in "Other Revenue" in 2011 was primarily attributable to approximately $300,000 of non-recurring revenue from reimbursement from the Federal Emergency Management Agency in connection with repairs related to tornado damage in the City during the 2011 Fiscal Year.

(2) The decrease in "General Government" expenditures in 2011 was primarily attributable to the reclassification of pension contributions to "Public Safety" and to "Highway and Streets."

(3) The increase in "Public Safety" expenditures was primarily attributed to the reclassification of pension contributions from "General Government" and to the filling of staff vacancies.

(4) The increase in "Highway and Streets" expenditures in 2011 was primarily the result of approximately $186,000 non-recurring expenses in connection with tornado damage within the City during the 2011 Fiscal Year and the reclassification of pension contributions as described in footnote 2 above.

(5) Transfers are principally administrative, operating and maintenance costs incurred for the benefit of and charged to the Parks Fund.

Source: Derived from the audited financial statements of the City and Director of Finance for the 2012 Fiscal Year.

Projected 2013 Results

The City's 2013 Fiscal Year ends on June 30, 2013. The City budgeted a change in the General Fund fund balance (i.e., revenues minus expenditures plus or minus transfers) equal to ($105,200). Based on the budget and year to date financial results, the City expects its General Fund fund balance to be approximately $9,556,732 on June 30, 2013.

Tax Increment Financing

Within the City there are three tax increment financing districts. Pursuant to the Real Property Tax Increment Allocation Redevelopment Act (the "Act"), cities and counties may implement tax increment financing in order to induce the development of an area which has been lacking growth and development and to eliminate conditions which have caused an area to become a conservation or blighted area as such terms are defined in the Act. Tax increment financing provides a source of funds by which a city may pay for Redevelopment Project Costs (as defined by the Act) over a period not longer than twenty-three years from the date in which tax increment financing was adopted.

Pursuant to the Act, a city designates tax increment financing by adopting an ordinance approving a Redevelopment Plan and designating a Redevelopment Area. The certified total assessed valuation of all real property within a Redevelopment Area, as of December 31 of the year immediately preceding passage of the ordinance designating the Redevelopment Area, as determined by the County Assessor is considered the initial equalized assessed valuation. All taxes collected by applying the tax rate of all taxing bodies having the power to tax real property in the Redevelopment Area upon any increase in the equalized assessed valuation over the initial equalized assessed valuation is deposited in a Special Allocation Fund for the Redevelopment Area. Such incremental taxes are referred to as "Payments in Lieu of Taxes." In addition, fifty percent (50%) of the total additional revenue from taxes which are imposed by a city or other taxing districts and which are generated by economic activities in the Redevelopment Area over the amount of such taxes generated by economic activities within the Redevelopment Area in the calendar year prior to the passage of the ordinance by the City, are deposited in the Special Allocation Fund ("Incremental Economic Activity Taxes"). Monies in the Special Allocation Fund may be used for payment of Redevelopment Project Costs or for payment of principal and interest on obligations issued to finance Redevelopment Project Costs.

During the time in which tax increment financing is in effect, the City will not realize any increase in ad valorem taxes attributable to any increases in assessed valuation in the Redevelopment Areas. Also, as indicated hereinbefore, 50% of the increase in economic activity taxes are incremental revenues that are allocated to payment of Redevelopment Project Costs. Accordingly, the City will only realize 50% of all new sales tax revenues attributable to the Redevelopment Areas.

Tax increment financing districts within or overlapping the City are described below:

Crossings at Halls Ferry. In 1997, the City adopted a Tax Increment Financing Plan, and pursuant to the Act, designated, by ordinance, a redevelopment area known as the Crossings at Halls Ferry Redevelopment Area. Presently outstanding are $3,305,000 of Tax Increment Revenue Bonds. Private development consisted of the redevelopment of a vacant shopping center. This project transformed the shopping center, which is now substantially occupied and is anchored by Home Depot and Shop'N Save. The Crossings at Halls Ferry Redevelopment Area had an initial taxable assessed valuation of $1,756,210 and the incremental 2011 assessed valuation following review by the Board of Equalization was $3,376,530. The Crossings at Halls Ferry Redevelopment Area is expected to be terminated in 2017.

Downtown Redevelopment Area. In 2002, the City adopted a Tax Increment Financing Plan, and pursuant to the Act, designated, by ordinance, a redevelopment area known as the Downtown Redevelopment Area. No notes or bonds have been issued for this area and incremental revenues are used to finance public and private improvements, including renovation of the City's police station on a pay-as-you-go basis. The Downtown Redevelopment Area had an initial taxable assessed valuation of $9,595,060 and the incremental 2011 assessed valuation following review by the Board of Equalization was $3,305,980. The Downtown Redevelopment Area is expected to be terminated in 2025. For the 2011 Fiscal Year, the City received $664,102 of incremental revenues.

Lambert Airport East. In July 2004, St. Louis County adopted a Tax Increment Financing Plan, and pursuant to the Act, designated, by ordinance, a redevelopment area known as the Lambert Redevelopment Area. Fifty-five acres of the 450 total acres of this area are within the corporate limits of the City. The purpose of this plan was to provide for the construction of an approximately 5.6 million square foot business and industrial park with road improvements, mass grading and excavation, building and site demolition, environmental remediation, and all necessary infrastructure. The Lambert Redevelopment Area had an initial taxable assessed valuation of $68,380 and the incremental 2011 assessed valuation following review by the Board of Equalization was $198,200. The Lambert Redevelopment Area is expected to be terminated in 2027.

The Hancock Amendment

On November 4, 1980, Missouri voters approved an amendment to the Missouri Constitution to limit taxation and governmental spending. The amendment (more commonly known as the Hancock Amendment) also limits the rate of increase and the total amount of taxes on property which may be imposed in any year without voter approval. If the assessed valuation of property, excluding the value of new construction and improvements, increases by a larger percentage than the increase in the general price level from the previous year, the maximum authorized current levy applied thereto in each political subdivision must be reduced to yield the same gross revenue from existing property, adjusted for changes in the general price level, as could have been collected at the existing authorized levy on the prior assessed value. The tax levy on the assessed valuation of new construction is exempt from this limitation.

The Hancock Amendment does not apply to taxes imposed for the payment of principal and interest on general obligation bonds.

SOURCES OF REVENUES

General Fund Revenue Sources

Composition

The City derives its revenues from a variety of sources. The following list sets forth the primary sources of City revenues for its General Fund for the 2012 Fiscal Year:

Revenue Source	Revenues	Percentage of Total Revenues
Sales Taxes	$ 3,658,628	31.6%
Gross Receipts Utility Taxes	2,349,541	20.3
Property Taxes	849,492	7.3
Other	1,047,471	9.0
Total Taxes	7,905,132	68.2
Licenses and Permits	699,892	6.0
Charges for Services	412,375	3.6
Fines and Forfeits	2,227,648	19.2
Investment Income	161,552	1.4
Other	183,564	1.6
Total	$11,590,163	100.0%

Source: Audit and financial records provided by the Office of the Director of Finance.

The following is a summary of some of the significant General Fund revenue sources of the City:

General Sales Taxes

In St. Louis County (the "County"), general sales taxes for all cities are collected by the State of Missouri Department of Revenue and remitted to and distributed by the County. Within the County, some cities are "pool" cities and some cities are "point-of-sale" cities. "Point of sale" cities receive approximately 85% of tax revenues generated within their borders with the remaining 15% being allocated to the "pool". Pool cities receive sales tax revenues from a pool of tax revenues which are distributed on a per capita basis; however, a portion of the tax is contributed to the pool. The City is a point-of-sale city.

During the 2011 Fiscal Year, sales taxes were the largest source of City receipts, accounting for approximately 31.6% of total General Fund receipts. The sales tax receipts are from a 1¼% City sales tax used for the City's general operations. One percent of the general corporate sales tax was authorized by special election in 1971. The remaining ¼% City sales tax was authorized by special election in 1994.

The following table sets forth the City's audited general sales tax receipts, excluding amounts allocable to tax increment financing, for the Fiscal Years 2008 through 2012.

Fiscal Year	Amount
2008	$3,575,397
2009	3,375,035
2010	3,121,500
2011	3,028,609
2012	3,086,417

Source: Director of Finance.

Utility Gross Receipts

The City levies a tax on gross receipts of utilities at the rate of 6% on electric, water, telephone and natural gas, and 5% on cable television.

Capital Improvement Sales Tax

In April 1994, voters approved a ½% sales tax for capital improvements. The tax is a point-of-sale tax in which the City receives the taxes generated from sales within its boundaries except for 15% of the taxes which are contributed to the County's sales tax pool. By statute, this tax must be used solely for funding capital improvements. The money is deposited in the City's Capital Improvement Sales Tax Fund. The City uses a portion of this tax to pay principal and interest on its outstanding Capital Improvement Bonds, Series 2005 and 2006 and capital leases. The balance is used to pay for capital improvements identified in the City's Capital Improvement Plan.

The following table sets forth the City's capital improvement sales tax receipts, excluding amounts allocable to tax increment financing, for the Fiscal Years 2008 through 2012:

Fiscal Year	Amount
2008	$1,283,248
2009	1,202,166
2010	1,117,001
2011	1,083,152
2012	1,108,112

Source: Director of Finance.

Park and Stormwater Sales Tax

In November 2004, voters approved a ½% Parks and Stormwater Sales Tax, which the City spends exclusively for park related capital projects and operating expenses. The tax is a point-of-sale tax. The City intends to use this sales tax to pay principal and interest on its Certificates of Participation, Series 2012.

The following table sets forth the City's Park and Stormwater Sales Tax receipts, excluding amounts allocable to tax increment financing, for the Fiscal Years 2008 through 2012:

Fiscal Year	Amount
2008	$1,332,580
2009	1,240,583
2010	1,161,984
2011	1,128,470
2012	1,144,418

Source: Director of Finance.

Fire Protection Sales Tax

In November 2004, voters approved a ¼% sales tax for Fire Protection. The tax is a point-of-sale tax. By statute, this tax must be used solely for funding expenses related to fire protection.

The following table sets forth the City's fire protection sales tax receipts, excluding amounts allocable to tax increment financing, for the Fiscal Years 2008 through 2012:

Fiscal Year	Amount
2008	$666,291
2009	620,291
2010	580,992
2011	564,235
2012	572,210

Source: Director of Finance.

Property Taxes

Tax Rates

Political subdivisions in the County must establish separate tax rates for residential, commercial, agricultural and personal property, except for the tax rate for payment of general obligation bonds. The purpose of the law is to help reduce the property tax burden on homeowners in areas where residential assessments were increasing at a faster rate than commercial assessments. The following table sets forth the tax rate for 2012 based on the assessment categories:

Property Subclass	General Fund	Parks	Debt Service	Total
Residential	$0.800	$0.196	$0.364	$1.360
Agricultural	0.800	0.195	0.364	1.359
Commercial	0.800	0.195	0.364	1.359
Personal	0.800	0.198	0.364	1.362

Source: Director of Finance.

The following table sets forth the City's residential tax rates per $100 of assessed valuation for the 2008 through 2012 tax years:

	2010	2011	2012
General(1)	$0.3760	$0.4490	$0.8000
Debt Service	—	0.3790	0.3640
Parks	0.1640	0.1940	0.1960
Total	$0.5400	$1.0220	$1.3600

(1) In an election held in August 2012, voters authorized increasing the tax rate to $ .80 in the 2012 tax year subject to required tax rate rollbacks in following years. For additional information regarding tax rate rollbacks, see the caption "THE CITY'S FINANCES – The Hancock Amendment."

Tax Procedures

Not later than September 30th of each year, the City Council sets the rate of tax for the City and files the tax rate with the County by October 1st. The Missouri State Auditor 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 1st in each year. The properties of charitable, education, and religious enterprises are excluded from ad valorem taxes for both real and personal property.

Real property values within the City 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 November; 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 this service. After such collections and deductions of commission, taxes are distributed according to the taxing body's pro-rata share.

Assessed Valuation

Assessment of real property, pursuant to the Missouri Constitution, requires such property to be classified in subclasses consisting of agricultural, residential or commercial, permits different assessment ratios for each subclass and requires uniformity in taxation of real property within each subclass. Pursuant to the Missouri Constitution, agricultural property is assessed at 12% of its productivity value, residential property is assessed at 19% of true value, and commercial property is assessed at 32% of true value. Personal property is assessed according to book value. In 1986, the Missouri General Assembly passed a bill requiring reassessment of all real properties every two years, beginning in 1987.

The following table indicates the assessed valuation (excluding the incremental value of property within tax increment financing redevelopment areas), for the tax years 2007 through 2011 and the preliminary assessed valuation following review by the Board of Equalization for the 2012 tax year:

Tax Year	Assessed Valuation
2007	$232,185,108
2008	233,338,544
2009	217,744,642
2010	211,109,491
2011	190,910,046
2012	191,788,835

Source: St. Louis County Assessor.

The following table sets forth the estimated market value of taxable property for 2011 based on the 2011 assessed valuation and the assessment ratios described hereinbefore:

Subclass	Assessed Valuation	Assessment Ratio	Estimated Market Value
Residential Property	$113,589,100	19.0%	$597,837,368
Commercial Property	43,518,826	32.0	135,996,331
Personal Property	33,793,900	33.3	101,381,700
Agricultural Property	8,220	12.0	68,500
Total Taxable AV	190,910,046		835,283,899
Incremental Value of TIFs	6,880,710		23,357,178
Total	$197,790,756		$858,641,077

Source: St. Louis County Assessor.

Tax Levies and Collection

The following table sets forth information regarding property tax collections for the City for the past five fiscal years:

		Current Taxes		Current & Back Taxes	
Fiscal Year	Total Taxes Levied	Paid by Due Date	% Collected	Collected	% Collected
2008	$1,208,931	$1,083,238	89.6%	$1,186,971	98.1%
2009	1,210,069	972,588	80.4	1,184,921	97.9
2010	1,203,638	970,929	80.7	1,206,582	100.2
2011	1,193,983	937,925	78.6	1,172,891	98.2
2012	1,190,246	960,575	80.5	1,165,416	97.6

Source: City's 2011 Annual Comprehensive Financial Report and the Director of Finance.

Major Taxpayers

The following table sets forth information regarding the top ten taxpayers in the City based on 2011 real and personal property tax assessment:

Taxpayer	Assessed Valuation	% of Total Assessed Valuation
Emerson Electric Co.	$8,787,970	4.60%
Ameren Missouri (formerly AmerenUE)	4,770,492	2.50
Walmart	3,955,330	2.07
Crossings Shopping Center LP	3,250,370	1.70
US Bancorp	2,263,250	1.19
Home Depot USA	2,001,420	1.05
NCF LLC	1,824,000	0.96
Lipton Properties Ltd.	1,730,520	0.91
Park Ridge Associates LP	1,691,760	0.89
Ackerman J W / Ackerman Buick Inc.	1,285,410	0.67

Source: Office of the County Assessor.

DEBT OF THE CITY

General

Pursuant to the Missouri Constitution, the vote required to pass a proposition to issue general obligation bonds payable from unlimited ad valorem taxes is two-thirds (2/3) of the qualified voters voting on the specific general obligation bond proposition or four-sevenths (4/7) of the qualified voters voting on the specific general obligation bond proposition if the election is held at the general municipal election day, primary or general elections.

The Missouri Constitution provides that the amount of bonds payable out of tax receipts shall not exceed 10% of the total assessed valuation of the taxable property of a city. The Missouri Constitution permits cities to become indebted for an additional 10% of the value of taxable, tangible property for the purpose of acquiring rights-of-way, constructing, extending, and improving streets and avenues; and constructing, extending and improving a sanitary or storm sewer system.

Outstanding Bonds

The City's only outstanding general obligation bonds consist of $7,670,000 principal amount of General Obligation Bonds, Series 2011.

Lease Obligations and Capital Improvement Bonds

Obligations secured by annually appropriated funds do not constitute an indebtedness for purposes of any Missouri statutory or constitutional debt limit. Such obligations are payable solely from annually appropriated funds of a governmental body and neither taxes nor a specific source of revenues can be pledged to make payments on such obligations. Any increase in taxes required to generate additional funds with which to make payments on such obligations are subject to voter approval.

The following table sets forth the City's outstanding obligations that are paid by annually appropriated funds including the Certificates:

Issue	Issue Date	Amount Outstanding
Capital Improvement Bonds, Series 2005(1)	September 1, 2005	$ 1,518,750
Capital Improvement Bonds, Series 2006(1)	September 1, 2006	1,856,250
Refunding Certificates of Participation, Series 2012	April 25, 2012	1,870,000
Certificates of Participation, Series 2013	January 30, 2013	9,055,000
		$14,300,000

(1) The bonds are subject to payment by annual appropriation. The bonds were issued as variable rate obligations. Simultaneously with the issuance of these bonds the City entered into an interest rate swap agreement which fixed the rate at 3.995%.

From time-to-time, the City enters into intermediate term leases for equipment and vehicles. Currently, the City is party to two significant capital leases one of which matures in 2013 with a remaining payment of $56,949 and one of which matures in 2017 with annual payments of $146,624. As of January 1, 2013, the total outstanding principal balance of these leases was $779,294.

Legal Debt Limit and Debt Margin

The following table sets forth the City's estimated legal debt limit and debt margin based on the 2011 assessed valuation:

	City Purposes Basic Limit	Street and Sewer Additional Limit
2011 Assessed Value	$197,790,756	$197,790,756
Debt Limit - 10% of Assessed Value	$19,779,076	$19,779,176
Less: General Obligation Bonds	7,670,000	—
Legal Debt Margin	$12,109,076	$19,779,176

Direct and Overlapping Debt

The following table sets forth information relating to the outstanding general obligation debt of the City and overlapping taxing entities ("direct and overlapping debt"):

	Outstanding Bonds[1]	Percent Applicable to The City[2]	City's Direct and Overlapping Debt
City of Ferguson	$ 7,670,000	100.00%	$ 7,670,000
St. Louis County	63,340,000	0.88	557,392
Hazelwood School District	231,391,694	1.18	2,730,422
Riverview Gardens School District	30,670,000	5.70	1,748,190
Jennings School District	13,564,874	6.13	831,527
Ferguson-Florissant School District	25,000,000	15.45	3,862,500
Total	$371,636,568		$17,400,031

(1) Excludes lease obligations of overlapping taxing districts and $425,000 of St. Louis County's Neighborhood Improvement District Bonds that are a general obligation of St. Louis County but are expected to be paid from special assessments and for which St. Louis County may not levy a general property tax.

(2) Estimate based on 2011 real and personal property assessed valuation.

Source: Bond amounts were provided by the respective taxing districts and other sources believed to be reliable. Assessments were provided by the Office of the County Assessor.

Debt Service Requirements

General Obligation Bonds

The following table sets forth the debt service requirements on the City's outstanding general obligation bonds:

Calendar Year	Principal	Interest	Total Debt Service
2013	$ 325,000	$ 194,525	$ 519,525
2014	335,000	187,925	522,925
2015	340,000	181,175	521,175
2016	345,000	174,325	519,325
2017	355,000	167,325	522,325
2018	360,000	160,175	520,175
2019	370,000	152,875	522,875
2020	375,000	144,956	519,956
2021	385,000	136,406	521,406
2022	395,000	127,138	522,138
2023	405,000	117,137	522,137
2024	415,000	106,888	521,888
2025	425,000	95,325	520,325
2026	440,000	82,350	522,350
2027	450,000	69,000	519,000
2028	465,000	55,275	520,275
2029	480,000	40,800	520,800
2030	495,000	25,256	520,256
2031	510,000	8,606	518,606
Total	$7,670,000	$2,227,462	$9,897,462

Lease Obligations and Special Obligation Bonds

The following table sets forth the debt service requirements on the City's outstanding capital improvement bonds and Certificates of Participation, Series 2012 (the "Annual Appropriation Obligations") and the Certificates:

Fiscal Year	Outstanding Annual Appropriation Obligations Principal	Outstanding Annual Appropriation Obligations Interest	The Certificates Principal	The Certificates Interest	Total Debt Service
2013[(1)]	$ 185,000	$ 82,718			$ 267,718
2014	565,000	154,570	$ 325,000	$ 278,126	1,322,696
2015	590,000	137,702	370,000	231,328	1,329,030
2016	605,000	120,002	375,000	223,928	1,323,930
2017	635,000	100,648	385,000	216,428	1,337,076
2018	640,000	80,396	390,000	208,728	1,319,124
2019	660,000	59,193	400,000	200,928	1,320,121
2020	685,000	36,672	410,000	192,928	1,324,600
2021	460,000	12,811	415,000	184,728	1,072,539
2022	220,000	2,695	425,000	175,390	823,085
2023	—	—	435,000	164,765	599,765
2024	—	—	450,000	153,346	603,346
2025	—	—	460,000	140,971	600,971
2026	—	—	475,000	127,746	602,746
2027	—	—	490,000	113,496	603,496
2028	—	—	500,000	98,796	598,796
2029	—	—	515,000	83,796	598,796
2030	—	—	535,000	68,346	603,346
2031	—	—	550,000	52,296	602,296
2032	—	—	565,000	35,796	600,796
2033	—	—	585,000	18,281	603,281
Total	$5,245,000	$787,407	$9,055,000	$2,970,147	$18,057,554

(1) Excludes principal and interest on the outstanding obligations paid on October 1, 2012.

Future Debt

The City has no plans for the issuance of additional bonds or lease obligations.

THE PROJECT

Description

The Police Station Project

A portion of the proceeds from the Certificates will be used to renovate and expand the City's Police Station. The Police Station is a 17,584 square foot building constructed in 1980. The interior of the building will be renovated, heating and cooling systems will be upgraded, an elevator will be constructed and a 6,317 square foot addition will be constructed for a new prisoner processing area, a new courtroom, storage and a dispatch center.

JEMA + Campos Design is the architectural firm designing the renovations. Bids are expected to be received in January 2013. Construction is anticipated to begin in April 2013 with completion of the project in February 2014.

The Community Center Project

In 2012, the City acquired a 10.04 acre site previously owned by the Archdiocese of Saint Louis, on which are located 4 buildings previously used for a church (9,475 square feet), a school (26,125 square feet), a convent (4,031 square feet) and a concession facility (1,731 square feet).

The City plans to use the church building and school building for the Community Center. The heating, air conditioning and electrical systems in the two buildings will be renovated. The Community Center is expected to include a fitness center, meeting space, a gym/basketball court, a senior area, a kitchen/food service are, a large banquet area, and a community room.

Weis Design Group is the architectural firm designing the renovations. Bids are expected to be received in the Spring of 2013. Construction is anticipated to begin in the Summer of 2013 with completion of the project in April 2014.

Payment of the Certificates and Operating Costs

Based on estimates prepared by the City's finance department the City has estimated that operating expenses (salaries, maintenance and utilities) for the new community center will equal $200,000. Additional expenses for programming are expected to be derived from annual memberships, daily passes and other fees for usage of the Community Center programs and facilities. To the extent revenues from operations are insufficient to pay operating expenses the balance is expected to be derived from the City's Parks Fund or the City's general property taxes.

On August 8, 2012, voters approved increasing the general property tax rate to $0.80 (from approximately $0.45 prior to the election). The increase is expected to result in approximately $650,000 of additional property tax revenue. During the term of the Certificates, and subject to annual appropriation, the City intends to use a portion of the additional taxes to pay for that portion of the Basic Rent on the Certificates allocated to the acquisition of land and buildings and the renovation of buildings that will be used for the Community Center and operating expenses as described above. Subject to annual appropriation, the City intends to pay for the balance of the Basic Rent on the Certificates from incremental revenues from the Downtown TIF District, described under the caption "THE CITY FINANCES - Tax Increment Financing – *Downtown Redevelopment Area*" and, beginning on or after the year 2025, from the City's Capital Improvement Sales Tax expected to become available with the retirement of the City's capital improvement bonds in that year.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds are set forth below.

Sources of Funds	
Net Proceeds of the Certificates(1)	$9,052,224
Interest During Construction(2)	14,000
Total	$9,066,224
Uses of Funds	
Police Station(3)	$3,343,483
Community Center	1,931,000
Professional Fees, Site Work, Furniture, Equipment	1,615,292
Acquisition of Land and Buildings	1,500,000
Contingencies	609,225
Costs of Issuance	67,224
Total	$9,066,224

(1) Represents the principal amount of the Certificates, plus a net original issue premium less the underwriter's discount.
(2) Based on an assumed rate of .25% and an 18 month construction period.
(3) Based on estimates of the architect.

THE LEASED PROPERTY

The Leased Property consists of a 2.75 acre site of land on which the City's Police Station is located. The Police Station has an insured value of $1,860,864. Following renovation, the Police Station is expected to have an insured value of approximately $5,200,000.

RATING

Moody's Investors Service, Inc. has assigned a rating of "A1" to the Certificates. The rating reflects only the view of the rating agency and any desired explanation of the significance of the rating should be obtained from the rating agency at the following address: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich, New York, New York 10007. Generally, a rating agency bases its rating on the information and material furnished to it and on investigations, studies and assumptions of its own. There is no assurance that a rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by the rating agency. Such lowering or withdrawal may have an adverse effect on the market price of the Certificates.

LEGAL MATTERS

All matters incident to the authorization and delivery of the Certificates are subject to the approval of Gilmore & Bell, P.C., St. Louis, Missouri, Special Tax Counsel. Special Tax Counsel has participated only in the preparation of portions of this Official Statement captioned "THE CERTIFICATES," "LEGAL MATTERS," "TAX MATTERS," "CONTINUING DISCLOSURE UNDERTAKING," and "APPENDIX B." Special Tax Counsel accordingly expresses no opinion as to the accuracy or sufficiency of other portions of this Official Statement or as to the financial statements contained herein. Certain legal matters will be passed upon for the City by Curtis, Heinz, Garrett & O'Keefe, PC, St. Louis, Missouri. Certain legal matters will be passed upon for the Underwriter by Spencer Fane Britt & Browne LLP, St. Louis, Missouri.

TAX MATTERS

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the 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 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 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 Certificates.

Opinion of Special Tax Counsel

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

Federal and Missouri Tax Exemption. The Interest Portion of Basic Rent paid by the City and distributed to the Owners of the Certificates (including any original issue discount properly allocable to an owner thereof) 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 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 Certificates are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

Special Tax Counsel's opinions are provided as of the date of the initial delivery of the Certificates, subject to the condition that the City complies with all requirements of the Code that must be satisfied subsequent to the delivery of the 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 City 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 Certificates in gross income for federal and Missouri income tax purposes retroactive to the date of initial delivery of the Certificates. Special Tax Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Certificates but has reviewed the discussion under the heading "TAX MATTERS."

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount ("OID") is the excess of the stated redemption price at maturity of a Certificate over its issue price. The issue price of a Certificate is the first price at which a substantial amount of the Certificates of that maturity have been sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). Under Section 1288 of the Code, OID on tax-exempt obligations accrues on a compound basis. The amount of OID that accrues to an owner of a Certificate during any accrual period generally equals (1) the issue price of that Certificate, plus the amount of OID accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Certificate (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Certificate during that accrual period. The amount of OID accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that Certificate. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.

Original Issue Premium. If a Certificate is issued at a price that exceeds the stated redemption price at maturity of the Certificate, the excess of the purchase price over the stated redemption price at maturity constitutes "premium" on that Certificate. Under Section 171 of the Code, the purchaser of that Certificate must amortize the premium over the term of the Certificate using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the 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 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 Certificates. Upon the sale, exchange or retirement (including prepayment) of a Certificate, Registered Owners of the 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 Certificate (other than in respect of accrued and unpaid interest) and such Registered Owner's adjusted tax basis in the Certificate. To the extent a 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 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 the Principal Portion and Interest Portion of Basic Rent and premium paid on the Certificates, and to the proceeds paid on the sale of the Certificates, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the Registered 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 Registered Owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Certificates should be aware that ownership of the 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 Certificates. Special Tax Counsel expresses no opinion regarding these tax consequences. Purchasers of 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 Certificates, including the possible application of state, local, foreign and other tax laws.

Tax Consequences Subsequent to an Event of Default or Event of Nonappropriation

Special Tax Counsel has rendered no opinion with respect to the income tax consequences applicable to the Certificates subsequent to a termination of the Lease Term by reason of an Event of Nonappropriation or an Event of Default. If the Lease Term is terminated by reason of either such event, there is no assurance that the Interest Portion of the Basic Rent will remain excludable from gross income for federal income tax purposes.

FINANCIAL ADVISOR

WM Financial Strategies, St. Louis, Missouri, is employed as Financial Advisor to the City to render certain professional services, including advising the City on a plan of financing and assisting in preparing the Official Statement for the sale of the Certificates.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated, St. Louis, Missouri (the "Underwriter") has agreed to purchase the Certificates from the City at a price equal to $9,052,224.45 (which is equal to the aggregate original principal amount of the Certificates, plus a net original issue premium of $44,763.20, and less an underwriting discount of $47,538.75). The Certificates may be offered and sold to certain dealers and others at prices lower than the initial public offering price and such initial offering price may be changed from time to time.

NO LITIGATION CERTIFICATION

The City represents that there is no controversy, suit or other proceeding of any kind pending or to their knowledge, threatened in any court (either state or federal) restraining or enjoining the execution or delivery of the Certificates or questioning (i) the proceedings under which the Certificates are to be delivered, (ii) the validity of the Certificates, (iii) the legal existence of the City, or (iv) the title to office of the present officials of the City.

CERTIFICATION OF OFFICIAL STATEMENT

Simultaneously with the delivery of the Certificates, the City will furnish to the Underwriter a certificate which will state, among other things, that to the best of their knowledge and belief, this Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of delivery of the Certificates does not contain any untrue statement of a material fact and does not omit to state a material fact required to be stated therein or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading in any material respect.

CONTINUING DISCLOSURE UNDERTAKING

Description of Undertaking

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the City has agreed to provide the following to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA"):

(i) Certain annual financial information and operating data, including audited financial statements, information generally consistent with the information contained in this Official Statement under the captions "THE CITY'S FINANCES," "SOURCES OF REVENUE," and "DEBT OF THE CITY" and information with respect to litigation if, in the judgment of the City, such litigation would have a material adverse affect on the financial condition of the City. Such information shall be made available beginning on or prior to 180 days after the end of each Fiscal Year commencing with the Fiscal Year ending June 30, 2013.

(ii) Notice of the occurrence of any of the following events with respect to the Certificates, within 10 business days after the occurrence:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) modifications to rights of holders of the Certificates, if material;

(4) Certificate calls, if material, and tender offers;

(5) defeasances;

(6) rating changes;

(7) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Forms 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax-exempt status of the Certificates;

(8) unscheduled draws on debt service reserves reflecting financial difficulties;

(9) unscheduled draws on credit enhancements reflecting financial difficulties;

(10) substitution of credit or liquidity providers, or their failure to perform;

(11) release, substitution or sale of property securing repayment of the Certificates, if material;

(12) bankruptcy, insolvency, receivership or similar event of the City;

(13) the consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) appointment of a successor or additional trustee or the change of name of the trustee, if material.

(iii) Notice of a failure (of which the City has knowledge) to provide the required annual financial information on or before the date specified in its written continuing disclosure undertaking.

The City may, from time to time, choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the City, such other event is material with respect to the Certificates; however, the City does not undertake to commit to provide any such notice of the occurrence of any material event except those indicated herein.

The City reserves the right to modify, from time to time, the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City, provided that the City agrees that any such modification will be done in a manner consistent with the Rule as the same may be amended from time to time. The City reserves the right to terminate its obligation to provide annual financial information and notices of material events, as set forth above, if and when the City no longer remains an "Obligated Person" with respect to the Certificates within the meaning of the Rule. The City acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Certificates and shall be enforceable by the owners of the Certificates provided that the right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the City's obligations hereunder and any failure by the City to comply with the provisions of this undertaking shall not be an event of default with respect to the Certificates.

Prior Compliance

For the 2011 Fiscal Year, the City filed its audited financial statements with EMMA on January 18, 2012 which is a date that was more than 180 days after the end of such Fiscal Year. The City is now in compliance with its continuing disclosure obligations and intends to remain in compliance in the future.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the City and the Underwriter of any of the Certificates. Any statement made in this Official Statement involving matters of opinion is intended merely as an opinion and not as a representation of fact. The information and expressions of opinion contained 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 affairs of the City since the date hereof.

CITY OF FERGUSON, MISSOURI

BY: /S/ James W. Knowles III
Mayor

APPENDIX A

CITY OF FERGUSON, MISSOURI
FINANCIAL STATEMENTS

June 30, 2012

The financial statements presented within this Appendix have been extracted from the City's comprehensive annual financial report for the fiscal year ended June 30, 2012. The report includes supplemental information and the auditor's report which are not included herein. The financial statements of the City are prepared in conformance with generally accepted accounting principles. Copies of the comprehensive annual financial report, in its entirety, are available from the City. Additionally, financial statements for prior years and the City's budget for the fiscal year ending June 30, 2013 may be obtained from the City or its website www.Fergusoncity.com.

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CITY OF FERGUSON, MISSOURI

STATEMENT OF NET ASSETS
JUNE 30, 2012

		Governmental Activities
ASSETS		
Cash and investments	$	18,943,134
Taxes receivable:		
Sales taxes		965,816
Other taxes		377,985
Property Taxes		368,224
Accounts receivables		1,164,259
Prepaid expenses		65,399
Inventories		167,009
Bond issue costs		195,595
Cash and investments - restricted		952,910
Deferred outflows - interest rate swap		402,510
Capital assets - net:		
Nondepreciable		5,237,916
Depreciable		16,575,337
TOTAL ASSETS		45,416,094
LIABILITIES		
Accounts payable		954,162
Wages and benefits payable		803,055
Other liabilities		147,242
Accrued interest payable		156,630
Unearned revenue		197,169
Noncurrent liabilities:		
Due within one year		1,695,237
Due in more than one year		14,700,540
Derivative instruments liability - interest rate swap		402,510
TOTAL LIABILITIES		19,056,545
NET ASSETS		
Invested in capital assets, net of related debt		7,962,476
Restricted for:		
Capital Projects		6,432,967
Debt Service		1,220,199
Downtown TIF		1,094,436
Sewer Lateral		818,841
Unrestricted		8,830,630
TOTAL NET ASSETS	$	26,359,549

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Functions/Programs					
Governmental Activities					
General government	$ 1,490,297	$ 617,251	$ -	$ 99,798	$ (773,248)
Public safety	8,068,845	2,339,013	48,358	-	(5,681,474)
Highway and streets	2,783,537	507,977	-	124,839	(2,150,721)
Community development	539,542	-	-	-	(539,542)
Culture and recreation	1,604,340	362,054	147,429	78,565	(1,016,292)
Interest and fiscal charges	679,492	-	-	-	(679,492)
TOTAL GOVERNMENTAL ACTIVITIES	$ 15,166,053	$ 3,826,295	$ 195,787	$ 303,202	$ (10,840,769)

Taxes:	
Sales tax	6,583,419
Utility tax	2,349,542
Property tax	2,837,325
Other taxes	1,047,469
Investment income	245,779
Other revenue	42,757
TOTAL GENERAL REVENUES	13,106,291
CHANGE IN NET ASSETS	2,265,522
NET ASSETS - BEGINNING OF YEAR	24,094,027
NET ASSETS - END OF YEAR	$ 26,359,549

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012

	Major Funds			Nonmajor Funds	
	General Fund	Parks Fund	Capital Improve-ments Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	$ 6,398,651	$ 1,412,137	$ 9,942,646	$ 1,189,700	$ 18,943,134
Taxes receivable:					
Sales	577,219	185,822	174,163	28,612	965,816
Property	165,899	69,169	-	133,156	368,224
Other	377,985	-	-	-	377,985
Accounts receivable	879,117	144,062	28,408	112,672	1,164,259
Due from (to) other funds	2,281,008	(318,487)	(3,062,334)	1,099,813	-
Prepaid items	65,399	-	-	-	65,399
Inventory	167,009	-	-	-	167,009
Restricted:					
Cash and investments	-	-	-	952,910	952,910
TOTAL ASSETS	$ 10,912,287	$ 1,492,703	$ 7,082,883	$ 3,516,863	$ 23,004,736
LIABILITIES					
Accounts payable	$ 254,671	$ 96,554	$ 588,485	$ 14,452	$ 954,162
Wages and benefits payable	267,164	25,579	-	-	292,743
Other liabilities	147,242	-	-	-	147,242
Deferred revenue	581,278	143,417	61,431	112,380	898,506
TOTAL LIABILITIES	1,250,355	265,550	649,916	126,832	2,292,653
FUND BALANCES:					
Nonspendable	232,408	-	-	-	232,408
Restricted for:					
Capital Projects	-	-	6,432,967	-	6,432,967
Debt Service	-	-	-	1,323,498	1,323,498
Downtown TIF	-	-	-	1,035,387	1,035,387
Sewer Lateral	-	-	-	818,841	818,841
Assigned to:					
Subsequent Year's Budget	105,200	-	-	-	105,200
Parks	-	1,227,153	-	-	1,227,153
Special Business District	-	-	-	9,871	9,871
Capital projects	-	-	-	202,434	202,434
Unassigned	9,324,324	-	-	-	9,324,324
TOTAL FUND BALANCES	9,661,932	1,227,153	6,432,967	3,390,031	20,712,083
TOTAL LIABILITIES AND FUND BALANCES	$ 10,912,287	$ 1,492,703	$ 7,082,883	$ 3,516,863	$ 23,004,736

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS JUNE 30, 2012

Total Fund Balance - Governmental Funds	$ 20,712,083
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the governmental funds.	21,813,253
Receivables not collected in the current period are not available to pay current expenditures and, therefore, are deferred in the funds.	701,337
Costs associated with the issuance of debt are expenditures in the governmental funds; however these costs are recorded as an asset in the statement of net assets and amortized over the life of the debt.	195,595
Interest on long-term debt is accrued as a liability in the government-wide statement, but is not recognized in the governmental funds until due.	(156,630)
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consisted of:	
Net other post-employment benefit obligation	(33,502)
Accrued compensated absences	(476,810)
Outstanding debt	(16,395,777)
Total Net Assets - Governmental Activities	$ 26,359,549

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2012

	Major Funds			Nonmajor Funds	
	General Fund	Parks Fund	Improve-ments Sales Tax Fund	Other Govern-mental Funds	Total
REVENUES					
Taxes	$7,905,132	$1,515,079	$1,108,112	$2,200,548	$12,728,871
Licenses and permits	699,892	-	-	30,689	730,581
Charges for services	412,375	362,054	-	-	774,429
Fines and forfeitures	2,227,648	-	-	-	2,227,648
Investment income	161,552	1,068	58,514	24,645	245,779
Other income	183,564	225,994	124,839	8,066	542,463
TOTAL REVENUES	11,590,163	2,104,195	1,291,465	2,263,948	17,249,771
EXPENDITURES					
Current:					
General government	1,281,211	-	-	-	1,281,211
Public safety	7,756,871	-	-	-	7,756,871
Highways and street	1,975,865	-	-	-	1,975,865
Community development	267,204	-	-	268,948	536,152
Culture and recreation	429,933	812,963	-	-	1,242,896
Capital outlay	66,456	196,382	3,862,454	71,593	4,196,885
Debt service:					
Principal, interest and fiscal charges	-	-	862,677	1,654,751	2,517,428
TOTAL EXPENDITURES	11,777,540	1,009,345	4,725,131	1,995,292	19,507,308
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(187,377)	1,094,850	(3,433,666)	268,656	(2,257,537)
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	979,495	(978,155)	(25,603)	24,263	-
Issuance of debt	-	-	8,000,000	2,065,000	10,065,000
Bond Premium	-	-	110,895	-	110,895
Payment to Escrow Agent	-	-	-	(2,280,400)	(2,280,400)
CHANGE IN FUND BALANCES	792,118	116,695	4,651,626	77,519	5,637,958
FUND BALANCES BEGINNING OF YEAR	8,869,814	1,110,458	1,781,341	3,312,512	15,074,125
END OF YEAR	$9,661,932	$1,227,153	$6,432,967	$3,390,031	$20,712,083

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Net Change in Fund Balances - Governmental Funds	$	5,637,958
Amounts reported for governmental activities in the statement of activities are different because:		
Revenues that do not provide current financial resources are not included in the fund financial statements.		182,518
Acquisition of capital assets requires the use of current financial resources but has no effect on net assets.		3,944,957
The cost of capital assets is allocated over their estimated useful lives and is reported as depreciation in the statement of activities.		(1,420,121)
Governmental funds report cost of debt issuance, premiums and discounts. These amounts are deferred and amortized in the statement of activities.		(52,824)
Some expenses will not be satisfied using current financial resources and, therefore, are not recorded as expenditures in the fund statements.		
Net other post-employment benefits obligations		(6,110)
Accrued interest		(31,448)
Accrued compensated absences		(16,121)
Repayment of principal on bonds and capital leases are expenditues in the governmental funds and reduce long-term liabilities in the in the statement of net assets.		
Principal paid on debt and capitalized leases		1,811,313
Payment to refunding escrow agent		2,280,400
Government funds report, proceeds from issuance of debt as other financing source. However, in the statement of net assets, these amounts are included as long-term liabilities.		(10,065,000)
Change in Net Assets - Governmental Activities	$	2,265,522

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
JUNE 30, 2012

	Pension Trust Fund	Agency Fund
ASSETS		
Cash and cash equivalents	$ 38,143	$ 129,392
Investments:		
Common Stock	8,887,301	-
Equity mutual funds	3,560,157	-
Money market mutual funds	407,218	-
Corporate obligations	3,771,866	-
U. S. Agency securities	2,672,140	-
U. S. Treasury notes	505,083	-
TOTAL ASSETS	19,841,908	129,392
LIABILITIES		
Accounts payable	12,764	129,392
NET ASSETS		
Held in trust for pension benefits	$ 19,829,144	$ -

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS FOR THE YEAR ENDED JUNE 30, 2012

	Pension Trust Fund
ADDITIONS	
Contributions	$ 480,448
Interest and dividends	497,691
Net Appreciation in fair value of investments	(214,767)
TOTAL ADDITIONS	763,372
DEDUCTIONS	
Benefits paid	1,195,838
Administrative fees	69,354
TOTAL DEDUCTIONS	1,265,192
CHANGE IN NET ASSETS	(501,820)
NET ASSETS HELD IN TRUST FOR BENEFITS - BEGINNING OF YEAR	20,330,964
END OF YEAR	$ 19,829,144

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Ferguson, Missouri (the "City") have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

A. REPORTING ENTITY

The City was incorporated on November 12, 1894. The City operates under a City Manager/Council, home rule charter form of government. The present Charter of the City was adopted on February 3, 1998. Services provided by the City to its residents include public safety (police and fire protection), street maintenance and improvements, sanitation, culture and recreation, public improvements, planning and zoning, and general governmental services.

The City defines its financial reporting entity in accordance with provisions established by GASB. GASB requirements for inclusion of component units are primarily based upon whether the City's governing body has any significant amount of financial accountability for potential component units (PCU). The City is financially accountable if it appoints a voting majority of a PCU's governing body and is able to impose its will on that PCU, or there is a potential for the PCU to provide specific financial benefits to, or impose specific financial burdens on, the City. Based on these criteria, the City has determined that its financial reporting entity consists of the City (the primary government) and no component units.

Related Organizations

The City provides limited services to the Ferguson Municipal Public Library District (the "District"). In addition, the City Council appoints all of the members of the District's Board of Directors. The City's accountability for this entity does not extend beyond these responsibilities.

The Ferguson Neighborhood Improvement Program ("FNIP"), a not-for-profit corporation established to assist in the rehabilitation and restoration of housing and residential properties in the City, is considered a related party. The FNIP Board of Directors is appointed by the City Council. The City's accountability for this entity does not extend beyond these responsibilities.

Neither organization is included as a component unit within the City's financial reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are reported in one column.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Fiduciary fund financial statements use the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period, or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments and compensated absences, are recorded only when payment is due (i.e., matured).

The City reports the following major governmental funds:

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

Parks Fund - The Parks Fund is used to account for taxes levied on all property within the City for the purpose of providing public park facilities and to account for expenditures for recreational and park purposes and for revenues derived from recreational program fees. The Parks Fund is also used to account for the 1/2 cent *Park and Stormwater Sales Tax* that was approved by voters in November 2004. In adopting the legislation locally and placing the measure before the voters of the City, the Ferguson City Council chose to use the ½ cent sales tax strictly for parks operations and improvement purposes.

Capital Improvements Sales Tax Fund - The Capital Improvements Sales Tax Fund is used to account for the 1/2 cent capital improvements sales tax approved by voters in 1994. In addition, the City issued Variable Rate Capital Improvement Bonds to fund various capital improvements throughout the City. The funds received from these bonds have and will be expended out of this fund.

Additionally, the City reports the following fund types:

Pension Trust Fund - The Pension Trust Fund accounts for the activities of the City's single employer pension plan, which accumulates resources for pension benefit payments to qualified plan participants.

Agency Fund – The Agency Fund is used to account for monies received from private individuals for cash bonds.

C. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include amounts in demand and non-negotiable time deposits, as well as short-term investments with a maturity date within three months of the date acquired.

The City is authorized to invest in U.S. Treasury securities, U.S. Agency securities, repurchase agreements, collateralized bank certificates of deposit, bankers' acceptances issued by domestic commercial banks and commercial paper issued by domestic corporations. In addition, the Pension Trust Fund is authorized to invest in corporate bonds and stocks. Investments are recorded at fair value.

D. RESTRICTED CASH AND INVESTMENTS

Cash and investments that are restricted for the repayment of tax increment revenue bonds and certificates of participation are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants. In addition, unspent proceeds from the issuance of bonds are reported as restricted assets on the balance sheet.

E. CAPITAL ASSETS

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. In general, capital assets are defined by the City as assets with an initial cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Infrastructure acquired prior to the implementation of GASB 34 has not been reported in the financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

Depreciation is computed on the straight-line method, using the following asset lives:

Assets	Years
Buildings	20 - 40
Improvements other than buildings	10 - 15
Machinery and equipment	5 - 10
Motor vehicles	3 - 20
Infrastructure	15 - 30

F. INVENTORIES AND PREPAIDS

Inventories consist of expendable supplies held for consumption and are recorded as assets when purchased and expended when consumed. These inventories are stated at cost using the first-in, first out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The City has adopted the consumption method of accounting for prepaid items. That is, the asset is recorded when the payments to vendors are made, and the expenses are amortized in the appropriate accounting period.

G. COMPENSATED ABSENCES

Under terms of the City's personnel policy, employees are granted vacations based on length of service. Vacations accrue on January 1 of each year and must be taken within the same year as accrued. Compensatory time is available to all non-exempt employees at the rate of 1.5 hours for each overtime hour worked. Accrual of compensatory time is limited to a maximum of 240 hours, except that public safety, emergency response and seasonal employees are limited to a maximum of 480 hours. Upon termination, employees are paid for unused vacation and compensatory time. Sick leave is accumulated based upon length of service and is available only to provide compensation during periods of illness. No portion of accrued sick leave is payable to the employee upon termination and, therefore, is not reflected as a liability. Employees had accumulated earned vacation and compensatory time aggregating $476,810 at June 30, 2012, which has been recorded as a liability in the statement of net assets. Based on City policies, it is assumed this balance will be liquidated within 12 months and any un-liquidated balance beyond that date will not misstate long-term liabilities.

H. DEFERRED REVENUE

Deferred revenue arises when assets are received before revenue recognition criteria have been satisfied. Certain grants received before eligibility criteria have been met and payments received in advance for recreational activities are reported as deferred revenue. In governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

I. LONG-TERM LIABILITIES

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Long-term debt is reported net of the applicable debt premium or discount and deferred amounts on refunding. Debt issuance costs are reported as deferred charges.

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

J. GOVERNMENTAL FUND BALANCES

In the governmental fund financial statements the following classifications are used to define the governmental fund balances:

Nonspendable – This consists of the governmental fund balances that are not in spendable form or are legally or contractually required to be maintained intact. The City's nonspendable fund balances as of June 30, 2012 consist of prepaid items and inventory.

Restricted – This consists of the governmental fund balances that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. At June 30, 2012, the City's restricted fund balances include amounts restricted for capital projects, debt service, Downtown TIF and sewer lateral.

Committed – This consists of the governmental fund balances that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the City Council, the City's highest level of decision-making authority. The City has no committed fund balances as of June 30, 2012.

Assigned – This consists of the governmental fund balances that are intended to be used for specific purposes by the City Council or the Director of Finance. At June 30, 2012, the City's assigned fund balances include amounts assigned to parks, Special Business District, capital projects and the subsequent year's budget.

Unassigned – This consists of the governmental fund balances that do not meet the definition of "nonspendable," "restricted," "committed," or "assigned."

When restricted and other fund balance resources are available for use, it is the City's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

K. NET ASSETS

In government-wide financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets invested in capital assets, net of related debt represents capital assets less accumulated depreciation less outstanding principal on related debt. This amount does not include unspent proceeds of capital debt. Restricted net assets represent net assets restricted by parties outside of the City (such as creditors, grantors, contributors and laws and regulations of other governments). All other net assets are considered unrestricted. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

L. INTERFUND TRANSACTIONS

Interfund transfers were used to 1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, or 2) reimburse other funds for debt service payments or services.

Activities between funds that are representative of 1ending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due (to) from other funds" in the governmental fund financial statements.

M. USE OF ESTIMATES

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

N. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

Based on management's analysis, no significant uncollectible amounts have been identified; therefore, no allowance for uncollectible accounts has been recorded.

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2012 consist of the following:

Type	Amount
Deposits:	
Cash on hand	$ 1,560
Demand deposits	4,407,157
Non-negotiable certificates of deposit	88,525
	4,497,242
Investments:	
Negotiable certificates of deposit	9,947,318
Commercial paper	998,100
Money market mutual funds	312,595
U.S. Agency securities	4,140,789
	15,398,802
Pension Trust and Agency Fund:	
Deposits:	
Demand deposits	167,535
Investments:	
Common stock	8,887,301
Equity mutual funds	3,560,157
Money market mutual funds	407,218
Corporate notes and bonds	3,771,866
U.S. Agency securities	2,672,140
U.S. Treasury notes	505,083
	19,971,300
Total Deposits and Investments	$ 39,867,344

Reconciliation to the Financial Statements:	
Statement of Net Assets:	
Cash and investments	$ 18,943,134
Cash and investments - restricted	952,910
Statement of Fiduciary Net Assets:	
Cash and investments - held by trustees	19,841,908
Cash and investments - restricted	129,392
	$ 39,867,344

Investments Authorized by the City's Investment Policy

The table below identifies the investment types that are authorized by the City's investment policy. Debt proceeds held by bond trustees are invested in accordance with the provisions of the trust indentures.

Authorized Investments	**City Policy Legal Limit**
United States Treasury securities	None
United States Agency securities	60%
United States Agency callable securities	30%
Repurchase agreements	50%
Money market mutual funds	None
Certificates of deposit	None
Commercial paper	30%
Bankers' acceptances	30%

Interest Rate Risk

The City's investment policy states that the City will minimize interest rate risk, the risk that the market value of securities in the portfolio will fail 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.
2. Investing operating funds primarily in shorter-term securities.

Maturities of investments held at June 30, 2012 are as follows:

	Fair Value	Less Than One Year	1 - 5 Years	6 - 10 Years	11-15 Years	Credit Risk
Governmental Activities						
Negotiable certificates of deposit	$ 9,947,318	$ 1,384,949	$ 6,917,401	$ 1,404,920	$ 240,048	N/A
Money market mutual funds	312,595	312,595	-	-	-	AAAm
Federal Home Loan Bank securities	4,140,789	2,996,836	1,143,953	-	-	
Commercial Paper	998,100	998,100	-	-	-	P-1
Total Governmental Activities	$ 15,398,802	$ 5,692,480	$ 8,061,354	$ 1,404,920	$ 240,048	
Pension Trust Fund						
Common stock	$ 8,887,301	$ 8,887,301	$ -	$ -	$ -	N/A
Equity mutual funds	3,560,157	3,560,157	-	-	-	N/A
Money market mutual funds	407,218	407,218	-	-	-	AAAm
Corporate notes and bonds	549,794	-	206,313	343,481	-	A
Corporate notes and bonds	607,375	-	-	607,375	-	A+
Corporate notes and bonds	613,824	-	401,348	212,476	-	A-
Corporate notes and bonds	679,115	-	343,563	335,552	-	BBB-
Corporate notes and bonds	155,195	-	155,195	-	-	BBB+
Corporate notes and bonds	170,621	-	-	170,621	-	BB+
Corporate notes and bonds	141,378	-	141,378	-	-	AA+
Fixed Income Funds	854,564	854,564	-	-	-	
Fannie Mae	44,980	-	-	44,980	-	
Federal Home Loan Bank securities	301,178	-	-	30,885	270,293	
Federal Farm Credit Bank securities	113,116	-	113,116	-	-	
Federal National Mortgage Association securities	505,016	-	-	505,016	-	
Government National Mortgage Association pool	1,707,850	-	-	346,214	1,361,636	
United States Treasury notes	505,083	-	-	505,083	-	
Total Pension Trust Fund	$ 19,803,765	$ 13,709,240	$ 1,360,913	$ 3,101,683	$ 1,631,929	

Credit Risk

The City's investment policy states that the City will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:

1. Pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the City will do business.
2. Diversifying the portfolio so that potential losses on individual securities will be minimized.

The credit quality ratings, as established by nationally recognized statistical rating organizations, of the City's investments as of June 30, 2012, are provided in the table above.

Custodial Credit Risk

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. In accordance with its policy, the City addresses custodial credit risk by prequalifying institutions with which the City places investments, diversifying the investment portfolio and maintaining a standard of quality for investments.

For deposits, custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution or by a single collateral pool established by the financial institution. The City's policy requires a depository contract with each safekeeping bank that complies with the Financial Institutions Reform, Recovery and Enforcement Act of 1989. This will ensure the City's security interest in collateral pledged to secure deposits is enforceable against the receiver of a failed institution.

Concentration of Credit Risk

According to the City's investment policy, the City's investments will be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specified class of security. Concentration of credit risk is required to be disclosed by the City for investments in any one issuer that represent 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). At June 30, 2012, the Pension Trust Fund did not have any investments subject to this disclosure. Of the investments in governmental activities, the City held investments in the following issuers that were over 5% of total investments at the government-wide level:

Issuer	**Amount**	**% of Total Investments**
Federal Home Loan Bank	$ 4,140,789	26.9%
Commercial paper	998,100	6.5%
Negotiable certificates of deposit	9,947,318	64.6%

3. PROPERTY TAX

Property taxes are levied in November of each year based on the assessed value of all real and personal property located in the City as of the Previous January 1. Property taxes are due and collectible on December 31 and attach as an enforceable lien on property as of January 1. Assessed values are established by the St. Louis County Assessor, subject to review by the County's Board of Equalization. The total assessed valuation of the City at January 1, 2011, upon which the 2011 levy was based, for real, personal, and public utility property was $198,062,436. The 2011 levy is collected in the City's 2012 fiscal year.

The City is permitted by Missouri state statutes to levy taxes up to $1.00 per $100 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt, and in unlimited amounts for the payment of principal and interest on long-term debt. City ordinances limit the tax levy for general governmental services other than the payment of principal and interest on long-term debt to $0.65 per $100 of assessed valuation.

In April 2011, the City's voters approved a Proposition S. This proposition authorizes the sale of general obligation bonds to provide funds for the construction of a replacement for the City's Firehouse No. 1 and the levy of an ad valorem tax for the retirement of these bonds. The 2011 tax rates per $100 of assessed value are as follows:

Property Type	General Fund	Parks Fund	GO Bond Fund
Residential	$ 0.4490	$ 0.1940	$ 0.3790
Agricultural	0.4500	0.2000	0.3790
Commercial	0.4500	0.1950	0.3790
Personal Property	0.4500	0.1980	0.3790

Property taxes are billed, collected and remitted to the City by the St. Louis County Collector of Revenue.

4. INTERFUND BALANCES

Due (to) from other funds as of June 30, 2012 are as follows:

Fund	Due From	Due To	Net Due (To) From
General	$ 3,442,546	$ 1,161,538	$ 2,281,008
Parks	-	318,487	(318,487)
Capital Improvements Sales Tax	13,500	3,075,834	(3,062,334)
Nonmajor Governmental	1,558,664	458,851	1,099,813
Totals	$ 5,014,710	$ 5,014,710	$ -

Interfund balances are the result of short-term advances between funds due to the timing of receipts and disbursements.

The following transfers were made during the fiscal year ended June 30, 2012:

	Transfers		
Fund	**In**	**Out**	**Net, In (Out)**
General Fund	$ 979,495	$ -	$ 979,495
Parks Fund	-	978,155	(978,155)
Capital Improvement Sales Tax	-	25,603	(25,603)
Nonmajor Governmental	357,901	333,638	24,263
Totals	$ 1,337,396	$ 1,337,396	$ -

Transfers were made for the following purposes:

Expending Fund	**Recipient Fund**	**Purpose**
Parks, Sewer Lateral and Halls Ferry TIF	General	Cost of goods and services provided by the recipient
Parks	Certificates of Participation	Debt service
Downtown TIF	Special Business District	Cost of goods and services provided by the recipient
Parks	Capital Improvement Sales Tax	Cost of common fleet

5. CAPITAL ASSETS

For the year ended June 30, 2012, capital asset activity was as follows:

	BALANCE, BEGINNING OF YEAR	ADDITIONS	DEDUC-TIONS	BALANCE, END OF YEAR
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 2,190,954	$ 477,588	$ -	$ 2,668,542
Construction in process	742,193	1,827,181	-	2,569,374
Total Capital Assets Not Being Depreciated	2,933,147	2,304,769	-	5,237,916
Capital assets being depreciated:				
Buildings and improvements	13,418,908	1,337,361	-	14,756,269
Machinery and equipment	1,607,698	137,379	-	1,745,077
Motor Vehicles	4,888,628	165,448	-	5,054,076
Infrastructure	10,351,124	-	-	10,351,124
Total Capital Assets, Being Depreciated	30,266,358	1,640,188	-	31,906,546
Less accumulated depreciation for:				
Buildings and improvements	6,120,426	584,606	-	6,705,032
Machinery and equipment	926,869	160,828	-	1,087,697
Motor Vehicles	2,524,351	296,568	-	2,820,919
Infrastructure	4,339,442	378,119	-	4,717,561
Total Accumulated Depreciation	13,911,088	1,420,121	-	15,331,209
Total Capital Assets, Being Depreciated, Net	16,355,270	220,067	-	16,575,337
Total Governmental Activities	$ 19,288,417	$ 2,524,836	$ -	$ 21,813,253

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General governments	$ 119,833
Public safety	308,221
Highways and streets	639,951
Culture and recreation	352,116
Total depreciation expense - governmental activities	$ 1,420,121

6. LONG·TERM DEBT

Changes in the City's long-term debt, for the year ended June 30, 2012, are as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Amounts Due Within One Year
Governmental Activities:					
Tax Increment Revenue Bonds	$ 3,305,000	$ -	$ (760,000)	$ 2,545,000	$ 585,000
Variable Rate Capital Improvement Bonds	3,894,950	-	(345,000)	3,549,950	360,000
Certificates of Participation	2,385,000	2,065,000	(2,385,000)	2,065,000	195,000
General Obligation Bonds	-	8,000,000	(330,000)	7,670,000	325,000
Less: Deferred amount:					
Issuance (discounts) premiums	(33,076)	110,895	(1,862)	75,957	-
Refunding	(404,693)	(76,783)	78,059	(403,417)	-
Total Bonds and Certificates	9,147,181	10,099,112	(3,743,803)	15,502,490	1,465,000
Capital leases payable	1,114,600	-	(221,313)	893,287	230,237
Net OPEB obligation	27,392	6,110	-	33,502	-
Compensated absences payable	460,689	514,569	(498,448)	476,810	-
Total Governmental Activities	$10,749,862	$10,619,791	$(4,463,564)	$16,906,089	$1,695,237

Debt Issue	Payer Fund
Tax Increment Revenue Bonds	Halls Ferry TIF Fund
Variable Rate Capital Improvement Bonds	Capital Improvement Sales Tax Fund
Certificates of Participation	Certificates of Participation Fund Series 2012 by Parks Fund
Capital leases	Capital Improvement Sales Tax Fund
General Obligations Bonds	General Obligations Bond Fund

Compensated absences are payable from the fund to which the employee is assigned.

Variable Rate Capital Improvement Bonds - Series 2005 and 2006

On September 1, 2005, the City issued $2,250,000 in Variable Rate Capital Improvement Bonds, Series 2005. On September 1, 2006, the City issued $2,750,000 in Variable Rate Capital Improvement Bonds, Series 2006. The purpose of the bonds was to finance the costs of acquiring, constructing, rehabilitating, equipping, and improving certain capital improvement projects. At the same time the bonds were issued, the City executed an interest rate swap agreement, which fixed the City's interest rate at 3.995%. See “Derivative Instrument – Interest Rate Swap” for more information.

Maturities required on these bonds as of June 30, 2012 are as follows:

	Principal	Interest	Total
2013	$ 360,000	$ 140,277	$ 500,277
2014	370,000	125,494	495,494
2015	390,000	110,306	500,306
2016	405,000	94,656	499,656
2017	420,000	77,904	497,904
2018	435,000	60,691	495,691
2019	455,000	42,871	497,871
2020	470,000	24,293	494,293
2021	244,950	5,003	249,953
Total	$ 3,549,950	$ 681,495	$ 4,231,445

Tax Increment Revenue Bonds - Series 2005

On September 12, 1997, the City issued $8,385,000 in Tax Increment Revenue Bonds, Series 1997, to finance necessary public improvements for the Crossings at Halls Ferry Redevelopment Project. The bonds were issued pursuant to the Real Property Tax Increment Allocation Redevelopment Act, Section 99.800 of the Revised Statutes of Missouri. Interest and principal on the bonds were originally scheduled to be paid annually on April 1 beginning in the year 2000, with a final maturity date of April 1, 2018. On March 1, 2005, the City issued $7,370,000 in Tax Increment Revenue Bonds, Series 2005, to refund the Series 1997 bonds. The proceeds (after underwriting fees and issuance costs) were used to purchase securities for deposit in an irrevocable trust with an escrow agent to provide for future debt service payments on the Series 2002 bonds. As a result, the 2002 Certificates of Participation Bonds are considered to be defeased and the liability for this debt has been removed from the City's financial statements. Interest on the bonds is paid semiannually on April 1 and October l. Principal on the bonds is paid annually on October 1. The bonds and the interest thereon are special, limited obligations of the City, payable solely from appropriated funds. The bonds do not constitute a general obligation of the City. Interest rates range from 0.70% percent to 2.45%. The trust indenture requires a reserve balance of $737,000. The actual balance of the reserve fund was $739,902 at June 30, 2012.

Maturities required on these bonds as of June 30, 2012 are as follows:

	Principal	Interest	Total
2013	$ 585,000	$ 194,570	$ 779,570
2014	610,000	166,800	776,800
2015	645,000	133,250	778,250
2016	680,000	101,000	781,000
2017	25,000	1,250	26,250
Total	$ 2,545,000	$ 596,870	$ 3,141,870

Certificates of Participation - Series 2012

On October 1, 2002, the City issued $3,480,000 in Certificates of Participation - Series 2002, to finance the construction of its new aquatic facility, "Splash at Wabash." Interest rates range from 2.0% to 5.0%. On April 4, 2012, the City issued 2,065,000 in Certificates of Participation Bonds - Series 2012 to refund Series 2002. The proceeds (after underwriting fees and issuance costs) were used to purchase securities for deposit in an irrevocable trust with an escrow agent to provide for future debt service payments on the Series 2002 bonds. As a result, the 2002 Certificates of Participation Bonds are considered to be defeased and the liability for this debt has been removed from the City's financial statements. Interest on the bonds is paid semiannually on April 1 and October l. Principal on the bonds is paid annually on October 1. The bonds and the interest thereon are special, limited obligations of the City, payable solely from appropriated funds. The bonds do not constitute a general obligation of the City. Interest rates range from 0.70% to 2.45%.

The advance refunding reduced total debt service payments by approximately $615,000. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $262,879, net of cash contributed by the City.

Maturities required on outstanding certificates as of June 30, 2012 are as follows:

	Principal	Interest	Total
2013	$ 195,000	$ 28,456	$ 223,456
2014	195,000	29,075	224,075
2015	200,000	27,395	227,395
2016	200,000	25,345	225,345
2017	215,000	22,744	237,744
2018	205,000	19,704	224,704
2019	205,000	16,321	221,321
2020	215,000	12,378	227,378
2021	215,000	7,809	222,809
2022	220,000	2,694	222,694
Total	$ 2,065,000	$ 191,921	$ 2,256,921

The outstanding principal of defeased certificates as of June 30, 2012 is $2,230,000. The defeased certificates will be called on October 1, 2012.

General Obligation Bonds

On September 15, 2011, the City issued $8,000,000 of general obligation bonds, Series 2011. The bonds were issued for the purpose of acquiring land and for constructing, furnishing, and equipping a new fire station which will serve as a replacement for its existing Firehouse No. 1. Interest rates range from 2.000% to 3.375%. Principal on the bonds is paid annually on March 1. Interest is paid semi-annually on March 1 and September 1. Debt service on the bonds is paid from an ad valorem tax levy and supported by the full faith and credit of the City.

Maturities required on these bonds as of June 30, 2012 are as follows:

	Principal	Interest	Total
2013	$ 325,000	$ 197,775	$ 522,775
2014	335,000	191,275	526,275
2015	340,000	184,575	524,575
2016	345,000	177,775	522,775
2017	355,000	170,875	525,875
2018	360,000	163,775	523,775
2019	370,000	156,575	526,575
2020	375,000	149,175	524,175
2021	385,000	140,738	525,738
2022	395,000	132,075	527,075
2023	405,000	122,200	527,200
2024	415,000	112,075	527,075
2025	425,000	101,700	526,700
2026	440,000	88,950	528,950
2027	450,000	75,750	525,750
2028	465,000	62,250	527,250
2029	480,000	48,300	528,300
2030	495,000	33,300	528,300
2031	510,000	17,212	527,212
Total	$ 7,670,000	$ 2,326,350	$ 9,996,350

Capital Leases

In April 2008, the City entered into a lease/purchase agreement with First Municipal Leasing Corporation (FMLC) to finance the purchase of two fire trucks. The equipment was recorded as a capital asset in the Governmental Activities at a cost of $1,171,967 and has accumulated depreciation of $146,496 as of June 30, 2012. The lease is recorded in the government-wide statement of net assets and is serviced by the Capital Improvement Sales Tax Fund. Payments are made quarterly and include principal and interest.

In September 2008, the City entered into a lease/purchase agreement with Cafco Leasing (Cafco) to finance the purchase of streetlights. The equipment was recorded as a capital asset in the Governmental Activities at a cost of $506,500 and has accumulated depreciation of $84,417 as of June 30, 2012. The lease is recorded in the government-wide statement of net assets and is serviced by the Capital Improvement Sales Tax Fund.

The following is a summary of the City's capital lease agreements as of June 30, 2012:

Lessor	Interest Rate	Maturity	Annual Payment	Balance
FMLC	3.55%	December 2017	$ 146,624	$ 729,659
Cafco	4.38%	September 2013	113,898	163,628

As of June 30, 2012, future minimum lease payments under the capital leases described above are as follows:

Year Ending June 30,	Amount
2013	$ 260,522
2014	203,572
2015	146,624
2016	146,624
2017	146,624
Thereafter	73,312
Total minimum lease payments	$ 977,278
Portion representing interest	(83,991)
Net present value	$ 893,287

Derivative Instrument – Interest Rate Swap

The City has entered into a pay-fixed, receive-variable interest rate swap.

(1) *Objective of the swap.* In an effort to lower its borrowing costs, the City entered into an interest rate swap in connection with the $5,000,000 Series 2005 and Series 2006 variable rate capital improvement bonds. The swap is intended to hedge exposure to interest rate risk.

	Changes in Fair Value		Fair Value at June 30, 2012	
	Classification	**Amount**	**Classification**	**Amount**
Governmental Activities				
Cash Flow Hedge			Derivative	
Pay-Fixed Interest	Deferred		Instrument	
Rate Swap	Outflows	$ (69,123)	Liability	$ (402,510)

(2) *Terms, fair values, and credit risk.* The objective and terms, including the fair values and credit ratings, of the City's hedging derivative instrument outstanding as of June 30, 2012, are as shown below. The notional amount of the swap matches the principal amounts of the associated debt. The City's swap agreement contains scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable category. Under the swap, the City pays the counterparty a fixed payment and receives a variable payment computed according to the London Interbank Offered Rate (LIBOR).

Associated Bond Issue	Hedging Instruments - Governmental Activities
Notional Amounts	$3,550,000
Effective Date	September 1, 2005
Terms	Pay 3.995%; Receive 60.938% of LIBOR plus 1%
Fair Value	($402,510)
Termination Date	September 1, 2020
Counter Party Credit Rating	A2

(3) *Credit Risk.* At June 30, 2012, the City is not exposed to credit risk on the interest rate swap because it is in a negative fair value or liability position. However, if interest rates change and the fair value becomes positive, the government would have exposure to credit risk in the amount of the derivative's positive fair value.

(4) *Basis Risk.* The City is not exposed to basis risk on the pay-fixed, receivable-variable interest rate swap because the variable-rate interest payments received by the City from the counterparty and the City's variable-rate bonds interest payment are both based on the LIBOR index.

(5) *Interest Rate Risk.* The City is exposed to interest rate risk on the interest rate swap. In regards to the pay-fixed, receive-variable swap, as the LIBOR swap index decreases, the City's net payment on the swap increases.

(6) *Termination Risk.* The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If terminated, the variable rate bonds' interest rate risk would no longer be effectively hedged. In addition, if at the time of the termination, the swap has a negative fair value (i.e., in a liability position), the City would be liable to the counterparty for a payment equal to the swap's fair value or liability amount.

(7) *Rollover risk.* The City is not exposed to rollover risk because the maturity dates for the hedged variable-rate bonds and the interest rate swap agreement are the same.

7. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This Plan, available to all City employees, permits them to defer payment of a portion of their salary to future years. This deferred compensation is not available to plan participants until termination, retirement, death, or unforeseeable emergency.

Investments are managed by the Plan's trustee under one of five investment options, or a combination thereof. The choice of investment options is made by the plan participant.

The Plan has been amended to comply with amendments to Section 457 of the Internal Revenue Code. Trust provisions were incorporated so that plan assets are held in trust for the exclusive benefit of plan participants and their beneficiaries.

8. EMPLOYEE RETIREMENT PLAN

Plan Description and Provisions - The City of Ferguson Pension Plan (the "Plan”) is a single-employer, defined benefit retirement and disability plan covering all regular, full-time employees of the City except the City Manager and Assistant to the City Manager. The Plan is administered by UMB Bank NA. The Plan does not issue a separate stand-alone financial report. The Plan's financial information is included as a Pension Trust Fund in the City's financial statements and is accounted for on the accrual basis of accounting. Investments are reported at fair value. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Employees become eligible for full benefits under the Plan upon retirement following a) the participant's 60th birthday and completion of eight years of credited service with the City or b) the participant's 55th birthday and the sum of the participant's age and years of credited service with the City total at least 82 ½. The Plan permits early retirement when the employee has reached age 55 and completed eight years of credited service, with a benefit reduction of 0.25% for each month that the early retirement date precedes the normal retirement date, which is considered to be when the employee has reached age 60 and completed eight years of credit service. Unused sick leave is added to credited service. Participants are fully vested after eight years of credited service; the Plan does not provide for partial vesting.

Benefits under the Plan are established by ordinance. An employee eligible for full benefits is entitled to a monthly payment of 1.75% of his or her average monthly salary multiplied by the number of years and fractions thereof of credited service. Average monthly salary, for the purpose of computing benefits, is the employee’s salary during any 60 out of the last 96 calendar months of employment prior to termination or retirement which yield the highest average. For hourly employees, average monthly salary is computed as the employee's regular hourly rate multiplied by the number of established regular work hours in a year divided by 12.

A health insurance benefit of $5 per month per year of credited service, up to $150 is provided, until the retiree becomes Medicare eligible. The Plan also provides a disability benefit calculated in the same manner as pension benefits, with a minimum benefit of $450 per month, payable until the earlier of death or recovery.

The payroll for employees covered by the Plan for the year ended June 30, 2012 was $6,207,000; the City's total payroll was $7,204,000. At July 1, 2011, the date of the last actuarial valuation, the Plan covered the following number of participants:

Active participants	130
Retired participants	65
Terminated vested participants	19
Disabled participants	10
Beneficiaries	13
Total Plan Participants	237

Contributions Required and Contributions Made - All contributions to the Plan are made by the City. The City contributes an amount equal to the actuarially determined requirement, designed to provide the Plan with assets sufficient to pay pension benefit obligations as they become due. The Plan has no unfunded prior service cost required to be covered by the annual contribution. Administrative costs are paid with Plan assets.

Annual contributions are computed using the entry age normal actuarial cost method, assuming 7.5% rate of return on Plan assets and 3.25% annual salary increases plus longevity/merit increases due to inflation, and using the Retired Pensioners 2000 Mortality Tables. Benefits are not increased for inflation. The unfunded actuarial accrued liability is amortized as a level percentage of pay over an open period of 10 years. The actuarial value of Plan assets is based on a five year smoothed market value.

For the year ended June 30, 2012, the annual pension cost of $480,448 was equal to the required and actual contributions. Trend information for the three years ended June 30, 2012 was as follows:

Year Ended June 30,	Annual Pension Cost	Percentage Contribution	Net Pension Obligation
2012	$ 480,448	100%	$ -
2011	317,969	100%	-
2010	107,526	100%	-

Funded Status - As of July 1, 2011, the most recent actuarial valuation available, the Plan was 100% funded. The actuarial accrued liability (AAL) for benefits was $20,677,719, and the actuarial value of assets was $20,798,081, resulting in assets in excess of the AAL of $120,362. The covered payroll (annual payroll of active employees covered by the plan) was $5,997,833, and the ratio of assets in excess of the AAL to the covered payroll was 2.0%.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

9. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description and Provisions - The City of Ferguson is a single-employer other post-employment plan that provides its retirees with access to healthcare (medical and dental). The retiree must pay the full premium of such coverage, but the employer is responsible for any implicit subsidy arising from actual claims being higher than premium amounts. Employees become eligible for other post-employment benefits on the first day of the month following their retirement or disability. The Plan does not issue a separate stand-alone financial report. Benefits under the Plan are established by ordinance and may be changed by the passage of an ordinance. The City funds these benefits on a pay as you go basis.

At July 1, 2012, the date of the last actuarial valuation, the Plan covered the following number of participants:

Active participants	131
Retirees and beneficiaries currently receiving benefits	11
Total Plan Participants	142

Bi-annual valuations are performed using the Entry Age Normal Actuarial Cost Method, with a 30 year level dollar amortization (27 years remaining as of June 30, 2012), assuming 4% rate of return, 3.25% - 6.86% annual salary increases, 4% inflation rate and using the 1983 Group Annuity Mortality Table. The initial health care cost trend rate is 10%, with an ultimate rate of 5%.

<u>Net OPEB Obligation</u>

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

Annual required contribution	$ 26,095
Interest on net benefit plan obligation	1,096
Adjustment to annual required contribution	(1,581)
Annual benefit plan cost	25,610
Contributions made	(19,500)
Increase in net benefit plan obligation	6,110
Net OPEB obligation	
Beginning of year	27,392
End of year	$ 33,502

Trend Information - Other Post Employment Benefits

The City’s annual OPEB cost, the percentage of OPEB cost contributed to the OPEB plan, and the net OPEB obligation for the three years ended June 30, 2012 are as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage Contribution	Net OPEB Obligation
2012	$ 25,610	76%	$ 33,502
2011	27,185	64%	27,392
2010	23,951	67%	17,691

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation available, the Plan was 0% funded. The actuarial accrued liability for benefits was $365,083, and the actuarial value of assets was $-0-, resulting in an unfunded actuarial accrued liability (UAAL) of $365,083. The covered payroll (annual payroll of active employees covered by the plan) was $6,207,000, and the ratio of the UAAL to the covered payroll was 5.9%.

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

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters.

The City, along with various other local municipal governments, participates in an insurance trust for health, workers' compensation and general liability matters called St. Louis Area Insurance Trust or SLAIT (the “Trust”). The purpose of the Trust is to distribute the cost of self-insurance over similar entities. The Trust requires an annual premium payment to cover estimated claims payable and reserves for claims from each entity. The members of the Trust have no legal interest in the assets, liabilities or fund balances of the Trust. However, the City retains a contingent liability to fund its pro rata share of any deficit incurred by the Trust should it cease operations at some future date. The Trust contracts with Daniel and Henry, Inc. to administer the trust including processing claims filed.

The City purchases commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

11. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2012, expenditures exceeded appropriations in the following departments (the legal level of budgetary control):

	Budgeted Appro-priation	Expendi-tures	Expendi-tures in excess of budget
General Fund			
General government			
Municipal buildings	$ 155,200	$ 169,835	$ (14,635)
Information technology	99,000	101,964	(2,964)
Public safety			
Municipal court	278,200	281,544	(3,344)
Highways and streets:			
Streets	935,300	942,245	(6,945)
Halls Ferry TIF Fund	871,200	923,022	(51,822)

12. CONTINGENT LIABILITIES

A. **Grants** - The City receives financial assistance from numerous federal, state, and local government agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable fund types. However, in the opinion of management, any such disallowed claims would not have a material effect on the financial statements of the City at June 30, 2012.

B. **Litigation** - Various claims and legal actions involving the City are presently pending which involve claims made by the City for unpaid tax assessments and other miscellaneous cases. In the opinion of management, the outcome of these legal matters will not have a material effect on the financial statements of the City at June 30, 2012.

13. SUBSEQUENT EVENTS

On June 28, 2012, the City purchased land and buildings as a future Community Center at a cost of approximately $1,500,000. The City estimates the cost of improvements necessary to convert existing structures to the City's purpose of approximately $3,500,000. The initial purchase was funded by the Capital Improvement Sales Tax Fund's existing fund balance. The City intends to reimburse this fund and to fund required improvements from the proceeds of a future sale of certificates of participation bonds. On August 8, 2012, the City's voters passed Proposition C. This proposition authorized the immediate increase of the City's general property tax assessment rate to $0.80 per $100 assessed value. This action will result in collection of approximately $650,000 in additional property taxes annually. About 55% of this amount will be use to meet annual debt service on the aforementioned issued bonds, while about 30% will be used for anticipated additional operating expenditures related to operation of the Community Center.

14. RECENT ACCOUNTING PRONOUNCMENTS

The accounting principles governing the reported amounts, presentation and related disclosures are subject to change from time to time based on new pronouncements and/or rules issued by various governing bodies. The Government Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments.

In November 2010, the GASB issued Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. This Statement also clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset. The requirements of this Statement are effective for periods beginning after June 15, 2012.

In December 2010, the GASB issued Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the private sector standards issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The requirements of this Statement are effective for periods beginning after December 15, 2011.

In June 2011, the GASB issued Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred informs of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The requirements of this Statement are effective for periods beginning after December 15, 2011.

In April, 2012, the GASB issued Statement No. 65, "Items Previously Reported as Assets and Liabilities." The objective of this Statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. The requirements in this Statement are effective for periods beginning after December 15, 2012.

In March, 2012, the GASB issues Statement No. 66, "Technical Correction – 2012 – an amendment of GASB Statements No. 10 and No. 62." The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity be resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54 and No. 62. The requirements in this Statement are effective for periods beginning after December 15, 2012.

In June 2012, the GASB issued Statement No. 67 "Financial Reporting for Pension Plans" and Statement No. 68 "Accounting and Reporting for Pensions." The objective of these statements is to revise existing accounting and financial reporting requirements for most pension plans, and to revise and establish new financial reporting requirements for most governments that provide their employees with pension benefits. The requirements in Statement No. 67 are effective for periods beginning after June 15, 2013, and the requirements in Statement No. 68 are effective for periods beginning after June 15, 2014.

The effects on the City's financial statements as a result of the adoption of these new pronouncements are unknown.

CITY OF FERGUSON, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Taxes	$ 8,078,200	$ 8,010,200	$ 7,905,132	$ (105,068)
Licenses and permits	642,200	679,000	699,892	20,892
Charges for services	409,200	420,000	412,375	(7,625)
Fines and forfeitures	2,020,300	2,091,900	2,227,648	135,748
Investment income	60,100	60,100	161,552	101,452
Other income	40,500	34,000	183,564	149,564
TOTAL REVENUES	11,250,500	11,295,200	11,590,163	294,963
EXPENDITURES				
Current:				
General government:				
City council and clerk	123,400	121,200	116,240	4,960
City manager's office	251,600	245,800	240,866	4,934
Human resources	92,900	92,600	89,751	2,849
City-wide expenses	322,400	293,200	225,451	67,749
Municipal buildings	171,100	155,200	169,835	(14,635)
Information technology	105,400	99,000	101,964	(2,964)
Finance	341,300	344,400	337,104	7,296
Public safety:				
Municipal court	273,100	278,200	281,544	(3,344)
Code enforcement	344,000	329,100	324,787	4,313
Police	5,016,900	4,871,500	4,834,244	37,256
Fire	2,493,900	2,400,400	2,316,296	84,104
Highways and streets:				
Streets	947,000	935,300	942,245	(6,945)
Municipal garage	763,300	854,000	848,132	5,868
Public works administration	193,300	187,100	185,488	1,612
Community development	285,600	275,500	267,204	8,296
Culture and recreation	474,800	431,800	429,933	1,867
Capital outlay	81,000	81,000	66,456	14,544
TOTAL EXPENDITURES	12,281,000	11,995,300	11,777,540	217,760
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,030,500)	(700,100)	(187,377)	512,723
OTHER FINANCING SOURCES				
Transfers in	784,600	978,700	979,495	795
CHANGE IN FUND BALANCE	$ (245,900)	$ 278,600	792,118	$ 513,518
FUND BALANCE - BEGINNING OF YEAR			8,869,814	
FUND BALANCES - END OF YEAR			$ 9,661,932	

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - PARKS FUND
FOR THE YEAR ENDED JUNE 30, 2012

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	$ 1,500,400	$ 1,502,300	$ 1,515,079	$ 12,779
Charges for services	364,900	370,900	362,054	(8,846)
Investment income	8,900	8,900	1,068	(7,832)
Other income	168,900	264,300	225,994	(38,306)
TOTAL REVENUES	2,043,100	2,146,400	2,104,195	(42,205)
EXPENDITURES				
Current:				
Culture and recreation	880,400	861,400	812,963	48,437
Capital outlay	335,600	213,300	196,382	16,918
TOTAL EXPENDITURES	1,216,000	1,074,700	1,009,345	65,355
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	827,100	1,071,700	1,094,850	23,150
OTHER FINANCING USES				
Transfers out	(1,032,400)	(1,011,400)	(978,155)	33,245
CHANGE IN FUND BALANCE	$ (205,300)	$ 60,300	116,695	$ 56,395
FUND BALANCE - BEGINNING OF YEAR			1,110,458	
FUND BALANCE - END OF YEAR			$ 1,227,153	

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING STATUS AND PROGRESS - PENSION TRUST FUND
LAST TEN FISCAL YEARS

SCHEDULE OF FUNDING PROGRESS

Valua-Tion Date July 1	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Assets in Excess of AAL	Funded Ratio	Annual Covered Payroll	Assets in Excess of AAL as a Percentage of Covered Payroll
2002	$ 18,852,310	$ 15,131,350	$ 3,720,960	124.6	$ 5,250,529	70.9%
2003	18,988,459	15,747,735	3,240,724	120.6	5,435,740	59.6%
2004	19,341,491	16,149,796	3,191,695	119.8	5,261,248	60.7%
2005	19,792,426	16,573,605	3,218,821	119.4	5,388,754	59.7%
2006	20,277,743	16,810,351	3,467,392	120.6	5,668,903	61.2%
2007	21,097,686	17,605,559	3,492,127	119.8	5,668,280	61.6%
2008	21,600,485	18,575,389	3,025,096	116.3	6,011,092	50.3%
2009	20,489,365	19,215,789	1,273,576	106.6	5,936,682	21.5%
2010	20,296,557	20,254,008	42,549	100.2	5,978,512	0.7%
2011	20,798,081	20,677,719	120,362	100.6	5,997,833	2.0%

The historical trend information about the Plan is presented to help the user assess the Plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due and make comparisons with other Public Employee Retiremenet systems.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual Required Contribution	Employer Contribution	Percentage Contribution
2003	$ -	$ -	N/A
2004	-	-	N/A
2005	-	-	N/A
2006	-	-	N/A
2007	-	-	N/A
2008	7,075	7,075	100%
2009	35,495	35,495	100%
2010	107,526	107,526	100%
2011	317,969	317,969	100%
2012	480,448	480,448	100%

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING STATUS AND PROGRESS - OTHER POST EMPLOYMENT BENEFITS

SCHEDULE OF FUNDING PROGRESS

Valuation Date July 1	Actuarial Value of Assets	Actuarial Accrued Liability (ALL)	Unfunded AAL	Funded Ratio	Annual Covered Payroll	UAAL as a Percen-tage of Covered Payroll
2009	$ -	$ 240,892	$ 240,892	0.0%	$ 6,082,657	4.0%
2012	$ -	$ 365,083	$ 365,083	0.0%	$ 6,207,000	5.9%

The historical trend information about the Plan is presented to help the user assess the Plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due and make comparisons with other entities.

Note: Fiscal year ending June 30, 2009 was the first year the City implemented GASB Statement No. 45. Information for prior years is not available.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual Required Contribution	Employer Contribution	Percentage Contributed
2009	$ 23,198	$ 13,370	57.6%
2010	24,126	16,088	66.7%
2011	26,477	17,484	66.0%
2012	26,095	19,500	74.7%

Note: Since the City does not accumulate assets to pay other post-retirement benefits the Employer contribution is an estimate of the implicit subsidy.

CITY OF FERGUSON, MISSOURI

COMBINING BALANCE SHEET - NON MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue Funds		Capital Projects Funds		Debt Service Funds				
	Special Business District	Sewer Lateral	Down-town TIF Redevelop-ment	Local Improve ment	Halls Ferry TIF Bonds	Certifi-cates of Partici-pation Bonds	General Obliga-tion Bonds	North Park Redevel-oment TIF	Total Non-major Govern-mental Funds
ASSETS									
Cash and investments	$ -	$748,010	$ -	$202,434	$ -	$ -	$239,256	$ -	$ 1,189,700
Taxes receivable:									
Sales	-	-	28,612	-	-	-	-	-	28,612
Property	-	4,292	64,689	-	-	-	64,175	-	133,156
Accounts receivable	-	-	-	-	112,672	-	-	-	112,672
Due (to) from other funds	22,031	66,761	1,001,205	-	-	9,780	(500)	536	1,099,813
Cash and investments - restricted	-	-	-	-	929,419	22,991	500	-	952,910
TOTAL ASSETS	$ 22,031	$819,063	$1,094,506	$202,434	$1,042,091	$32,771	$303,431	$ 536	$ 3,516,863
LIABILITIES									
Accounts payable	$ 12,160	$ 222	$ 70	$ -	$ 2,000	$ -	$ -	$ -	$ 14,452
Deferred revenue	-	-	59,049	-	-	-	53,331	-	112,380
TOTAL LIABILITIES	12,160	222	59,119	-	2,000	-	53,331	-	126,832
FUND BALANCES:									
Restricted for:									
Debt Service	-	-	-	-	1,040,091	32,771	250,100	536	1,323,498
Downtown TIF	-	-	1,035,387	-	-	-	-	-	1,035,387
Sewer Lateral	-	818,841	-	-	-	-	-	-	818,841
Assigned to:									
Special Business District	9,871	-	-	-	-	-	-	-	9,871
Capital projects	-	-	-	202,434	-	-	-	-	202,434
TOTAL FUND BALANCES	9,871	818,841	1,035,387	202,434	1,040,091	32,771	250,100	536	3,390,031
TOTAL LIABILITIES AND FUND BALANCES	$ 22,031	$819,063	$1,094,506	$202,434	$1,042,091	$32,771	$303,431	$ 536	$ 3,516,863

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue Funds		Capital Projects Funds		Debt Service Funds				
	Special Business District	**Sewer Lateral**	**Downtown TIF Redevelopment**	**Local Improvement**	**Halls Ferry TIF Bonds**	**Certificates of Participation Bonds**	**General Obligation Bonds**	**North Park Redevelopment TIF**	**Total Non-major Governmental Funds**
REVENUES									
Taxes	$ -	$217,763	$ 441,009	$ -	$ 874,163	$ -	$667,602	$ 11	$2,200,548
Licenses and permits	30,689	-	-	-	-	-	-	-	30,689
Investment income	-	11,227	121	6,941	5,280	1,076	-	-	24,645
Other income	8,066	-	-	-	-	-	-	-	8,066
TOTAL REVENUES	38,755	228,990	441,130	6,941	879,443	1,076	667,602	11	2,263,948
EXPENDITURES									
Current:									
Community development	128,763	103,581	36,604	-	-	-	-	-	268,948
Capital Outlay	-	-	71,593	-	-	-	-	-	71,593
Debt Services:									
Principal, interest and fiscal charges	-	-	-	-	923,022	314,227	417,502	-	1,654,751
TOTAL EXPENDITURES	128,763	103,581	108,197	-	923,022	314,227	417,502	-	1,995,292
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(90,008)	125,409	332,933	6,941	(43,579)	(313,151)	250,100	11	268,656
OTHER FINANCING SOURCES (USES)									
Issuance of debt	-	-	-	-	-	2,065,000	-	-	2,065,000
Payment to escrow agent	-	-	-	-	-	(2,280,400)	-	-	(2,280,400)
Transfers in (out)	97,097	(10,000)	(97,097)	(211,661)	(14,879)	260,803	-	-	24,263
CHANGE IN FUND BALANCE	7,089	115,409	235,836	(204,720)	(58,458)	(267,748)	250,100	11	77,519
FUND BALANCES - BEGINNING OF YEAR	2,782	703,432	799,551	407,154	1,098,549	300,519	-	525	3,312,512
END OF YEAR	$ 9,871	$818,841	$1,035,387	$202,434	$1,040,091	$ 32,771	$250,100	$ 536	$3,390,031

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT SALES TAX CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2012

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Taxes	$ 1,080,300	$ 1,080,300	$ 1,108,112	$ 27,812
Investment income	64,500	43,600	58,514	14,914
Other income	1,553,700	190,000	124,839	(65,161)
TOTAL REVENUES	2,698,500	1,313,900	1,291,465	(22,435)
EXPENDITURES				
Capital outlay	10,227,100	5,898,100	3,862,454	2,035,646
Debt service:				
Principal, interest and fiscal charges	761,000	761,000	862,677	(101,677)
TOTAL EXPENDITURES	10,988,100	6,659,100	4,725,131	1,933,969
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,289,600)	(5,345,200)	(3,433,666)	1,911,534
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	8,000,000	8,000,000
Premium on debt issuance	-	-	110,895	110,895
Transfers in (out)	7,835,000	4,335,000	(25,603)	(4,360,603)
CHANGE IN FUND BALANCE	$ (454,600)	$ (1,010,200)	4,651,626	$ 5,661,826
FUND BALANCES - BEGINNING OF YEAR			1,781,341	
FUND BALANCES - END OF YEAR			$ 6,432,967	

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL SPECIAL BUSINESS DISTRICT SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2012

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Licenses and permits	$ 23,900	$ 23,900	$ 30,689	$ 6,789
Other income	3,500	3,500	8,066	4,566
TOTAL REVENUES	27,400	27,400	38,755	11,355
EXPENDITURES				
Current:				
Community development	156,200	147,600	128,763	18,837
TOTAL EXPENDITURES	156,200	147,600	128,763	18,837
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(128,800)	(120,200)	(90,008)	30,192
OTHER FINANCING SOURCES				
Transfers in	128,800	113,700	97,097	(16,603)
CHANGE IN FUND BALANCE	$ -	$ (6,500)	7,089	$ 13,589
FUND BALANCES - BEGINNING OF YEAR			2,782	
FUND BALANCES - END OF YEAR			$ 9,871	

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL DOWNTOWN TIF REDEVELOPMENT SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2012

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Taxes	$ 452,600	$ 484,700	$ 441,009	$ (43,691)
Investment income	11,300	-	121	121
TOTAL REVENUES	463,900	484,700	441,130	(43,570)
EXPENDITURES				
Current:				
Community development	34,500	39,100	36,604	2,496
Capital outlay	50,000	82,000	71,593	10,407
TOTAL EXPENDITURES	84,500	121,100	108,197	12,903
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	379,400	363,600	332,933	(30,667)
OTHER FINANCING USES				
Transfers out	(119,400)	(109,600)	(97,097)	12,503
CHANGE IN FUND BALANCE	$ 260,000	$ 254,000	235,836	$ (18,164)
FUND BALANCES - BEGINNING OF YEAR			799,551	
FUND BALANCES - END OF YEAR			$ 1,035,387	

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SEWER LATERAL SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2012

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	$ 187,500	$ 204,700	$ 217,763	$ 13,063
Investment income	19,000	14,800	11,227	(3,573)
TOTAL REVENUES	206,500	219,500	228,990	9,490
EXPENDITURES				
Current:				
Community development	110,000	110,000	103,581	6,419
TOTAL EXPENDITURES	110,000	110,000	103,581	6,419
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	96,500	109,500	125,409	15,909
OTHER FINANCING USES				
Transfers out	(10,000)	(19,800)	(10,000)	9,800
CHANGE IN FUND BALANCE	$ 86,500	$ 89,700	115,409	$ 25,709
FUND BALANCES - BEGINNING OF YEAR			703,432	
FUND BALANCES - END OF YEAR			$ 818,841	

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL LOCAL IMPROVEMENT CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2012

	BUDGET			VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL	ACTUAL	POSITIVE (NEGATIVE)
REVENUES				
Investment income	$ 4,000	$ 4,000	$ 6,941	$ 2,941
OTHER FINANCING USES				
Transfers out	-	(200,000)	(211,661)	(11,661)
CHANGE IN FUND BALANCE	$ 4,000	$ (196,000)	(204,720)	$ (8,720)
FUND BALANCES - BEGINNING OF YEAR			407,154	
FUND BALANCES - END OF YEAR			$ 202,434	

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HALLS FERRY TIF DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2012

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Taxes	$ 860,700	$ 950,800	$ 874,163	$ (76,637)
Investment income	16,800	12,700	5,280	(7,420)
TOTAL REVENUES	877,500	963,500	879,443	(84,057)
EXPENDITURES				
Debt service:				
Principal, interest and fiscal charges	862,300	871,200	923,022	(51,822)
TOTAL EXPENDITURES	862,300	871,200	923,022	(51,822)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	15,200	92,300	(43,579)	(135,879)
OTHER FINANCING USES				
Transfers out	(13,000)	(13,000)	(14,879)	(1,879)
CHANGE IN FUND BALANCE	$ 2,200	$ 79,300	(58,458)	$ (137,758)
FUND BALANCES - BEGINNING OF YEAR			1,098,549	
FUND BALANCES - END OF YEAR			$ 1,040,091	

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL CERTIFICATES OF PARTICIPATION DEBT SERVICE FUND FOR THE YEAR ENDED JUNE 30, 2012

	BUDGET			VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL	ACTUAL	POSITIVE (NEGATIVE)
REVENUES				
Investment income	$ 3,800	$ 4,000	$ 1,076	$ (2,924)
EXPENDITURES				
Debt service:				
Principal, interest and fiscal charges	263,900	598,900	314,227	284,673
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(260,100)	(594,900)	(313,151)	281,749
OTHER FINANCING SOURCES				
Transfers in (out)	261,400	261,400	260,803	(597)
Issuance of debt	-	60,000	2,065,000	2,005,000
Payment to escrow agent	-	-	(2,280,400)	(2,280,400)
CHANGE IN FUND BALANCE	$ 1,300	$ (273,500)	(267,748)	$ 5,752
FUND BALANCES - BEGINNING OF YEAR			300,519	
FUND BALANCES - END OF YEAR			$ 32,771	

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL OBLIGATION BOND DEBT SERVICE FUND FOR THE YEAR ENDED JUNE 30, 2012

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	$ 700,000	$ 640,000	$ 667,602	$ 27,602
Investment income	2,000	600	-	(600)
TOTAL REVENUES	702,000	640,600	667,602	27,002
EXPENDITURES				
Debt service:				
Principal, interest and fiscal charges	618,000	593,000	417,502	175,498
TOTAL EXPENDITURES	618,000	593,000	417,502	175,498
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	84,000	47,600	250,100	202,500
OTHER FINANCING SOURCES				
Transfers (out)	(7,835,000)	(4,335,000)	-	4,335,000
Bond proceeds	8,000,000	8,110,900	-	(8,110,900)
CHANGE IN FUND BALANCE	$ 249,000	$ 3,823,500	$ 250,100	$ (3,573,400)
FUND BALANCES - BEGINNING OF YEAR			-	
FUND BALANCES - END OF YEAR			$ 250,100	

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2012

	BALANCE July 1, 2011	ADDITIONS	DEDUCTIONS	BALANCE June 30, 2012
ASSETS				
Cash	$ 132,551	$ 481,172	$ 484,331	$ 129,392
LIABILITIES				
Accounts payable	$ 132,551	$ 481,172	$ 484,331	$ 129,392

APPENDIX B

DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF PRINCIPAL DOCUMENTS

The summaries of the Declaration of Trust, the Lease and the Base Lease contained in this Appendix B 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."**

"Authorized Representative" means the Mayor, the City Manager, Director of Finance or any other person designated as an Authorized Representative by the Mayor to act on behalf of the City, such designation being approved by the governing body of the City by a resolution or ordinance that is filed with the Trustee.

"Available Revenues" means, for any Fiscal Year, any balances of the City from previous Fiscal Years encumbered to pay Rent, amounts budgeted or appropriated by the City for such Fiscal Year plus any unencumbered balances of the City 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 January 1, 2013, between the City, as lessor, and the Trustee, as lessee.

"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 April 1 and October 1 during the Lease Term, commencing on October 1, 2013.

"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.

"Cede & Co." means Cede & Co., as nominee name of The Depository Trust Company, New York, New York.

"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 2013 Certificates and any Additional Certificates.

"City" means the City of Ferguson, Missouri, a constitutional charter city operating under a home rule form of government 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 City given in accordance with **Section 5.03**.

"Completion Date" means the date of completion of the Project as that date will be certified as provided in **Section 5.03**.

"Construction Agreement" means one of any agreements between the City and various parties, if any, providing for the acquisition, construction and installation of various portions of the Project.

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

"Continuing Disclosure Undertaking" means the Continuing Disclosure Undertaking dated the date of delivery of the Series 2013 Certificates entered into by the City, as from time to time amended.

"Costs of Delivery" means all items of expense directly or indirectly payable by or reimbursable to the City 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, legal fees of parties to the transaction 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 January 1, 2013, 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 - Default."**

"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 City, 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.

"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, and (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 highest rating category of 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 and includes any of the following securities, if and to the extent the same are permitted by law:

(a) Government Obligations;

(b) other obligations issued by or on behalf of agencies or instrumentalities of the United States of America except for the Federal Farm Credit Bank;

(c) negotiable certificates of deposit, demand deposits and other deposit arrangements, repurchase agreements, and investment agreements issued by banks or trust companies, including without limitation, the Trustee and its affiliates, continuously secured (to the extent not fully insured by the Federal Deposit Insurance Corporation), for the benefit of the Trustee by lodging with a bank or trust company (which may or may not be the bank or trust company issuing such negotiable certificates of deposit, repurchase agreement or investment agreement), as collateral security, Government Obligations having a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit, demand deposits and other deposit arrangements; and

(d) money market mutual funds rated in the highest rating category by a nationally recognized rating service consisting of Government Obligations or repurchase agreements for Government Obligations.

"Lease" means the Lease Purchase Agreement dated as of January 1, 2013, between the Trustee, as lessor, and the City, as lessee, as amended and supplemented from time to time in accordance with its terms.

"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.

"Leased Property" means the real property described in the Lease, together with improvements owned by the City now or hereafter located thereon.

"Moody's" means Moody's Investors Service, Inc. and its successors and assigns, and, if that firm will be dissolved or liquidated or no longer performs the functions of a securities rating service, "Moody's" will be deemed to refer to any other nationally recognized securities rating service designated by the City, 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 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.

“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 shall have been executed and delivered by the Trustee pursuant to the Declaration of Trust, (c) Certificates whose payment or prepayment has been provided for, and (d) Certificates paid or deemed to be paid pursuant to the Declaration of Trust.

“Owner” of a Certificate means the registered owner of such Certificate as shown on the register kept by the Registrar.

“Participants” means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

“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 City 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 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 (i) as do not, in the opinion of the City 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 City, or (ii) are adequately insured against by a title insurance policy reasonably satisfactory to the Trustee and the City; or (e) the exceptions shown in the Commitment for Title Insurance obtained in connection with the delivery of the Certificates.

“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 the project described in the Official Statement under the caption “**THE PROJECT.”**

“Project Costs” means all reasonable or necessary expenses related or incidental to the acquisition and construction of 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 Project Fund as defined in the Declaration of Trust.

"Purchase Price" means the amount designated as such in the Lease that the City may pay to the Trustee to purchase the Trustee's interest in the Leased Property.

"Rebate Fund" means the Rebate Fund as defined in the Declaration of Trust.

"Record Date" means the fifteenth day of the month (whether or not a Business Day) before the applicable Basic Rent Payment Date.

"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 April 1, 2033.

"Rent" means, collectively, Basic Rent and Supplemental Rent.

"Rent Payment" means a payment of Rent.

"Representation Letter" means the Representation Letter from the City to the Securities Depository.

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

"Series 2013 Certificates" means the Certificates of Participation (City of Ferguson, Missouri, Lessee), Series 2013, evidencing a proportionate interest in Basic Rent Payments to be made by the City pursuant to the Lease, executed and delivered pursuant to the Declaration of Trust.

"S&P" means Standard & Poor's, a division of the McGraw Hill Companies and its successors and their assigns, and if that entity will no longer perform the functions of a municipal securities rating agency, "S&P" will be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee.

"Special Tax Counsel" means Gilmore & Bell, P.C., or any other attorney or firm of attorneys 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 entered into by the City and the Trustee in connection with the execution and delivery of each series of 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., and its successor or successors and their respective assigns.

"Underwriter" means Stifel, Nicolaus & Company, Incorporated, St. Louis, Missouri, the original purchaser of the Series 2013 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 2013 Certificates, provides the terms of the Series 2013 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 the Rebate Fund and 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 (1) no Event of Default or Event of Nonappropriation exists, and (2) the aggregate principal amount of the then outstanding Certificates, including the Additional Certificates proposed to be issued, does not exceed $12,000,000, 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 2013 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 established with the Trustee the following funds:

(a) Project Fund.
(b) Lease Revenue Fund.
(c) Rebate Fund

All funds established pursuant to the Declaration of Trust (except for the Rebate Fund) will be held by the Trustee in trust for the benefit of the Certificate Owners. The money in all of the funds will be held in trust and applied as provided in the Declaration of Trust.

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 pursuant to the Lease 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.

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.

Disbursements from the Project Fund

Moneys in the Project Fund will be used to pay for Project Costs, including 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 (1) an Authorized Representative and, (2) except for requisitions for Costs of Delivery, architect fees, costs of furnishing or equipping the Project, an architect, engineer or contractor (which architect, engineer or contractor will not be an employee of the City).

Investment of Moneys in Various Funds

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 City, signed by an Authorized Representative of the City, 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 directed to invest moneys in Investment Securities described in subparagraph (d) of the definition of Investment Securities.

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 a principal for its own account.

Amendments to the Declaration of Trust, the Lease or the Base Lease

The Declaration of Trust, the Lease and the Base Lease and the rights and obligations of the City and of the Owners of the Certificates and of the Trustee may be modified or amended from time to time and at anytime by an amendment or supplement thereto that the parties thereto may enter into when the written consent of the Trustee and the City, if not a party 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 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 or 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 or 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 City, of the Trustee and of the Owners of the Certificates may also be modified or amended from time to time by an agreement that the parties thereto may enter into without the consent of any Certificate 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 City; provided, however, that no such covenant, agreement, pledge, assignment or surrender will materially adversely affect the interests of the Trustee or the Owners of the Certificates; (b) to add to the covenants and agreements of the City 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 City; provided, however, that no such covenant, agreement or surrender will 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 City may deem necessary or desirable and not inconsistent with said agreements, or as may be requested by the City, or the Trustee and that will not, in any such case 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 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 City consents to any modification or amendment of the Declaration of Trust, the Base Lease or the Lease, an Opinion of Special Tax Counsel to the effect 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 City 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 will be delivered to the Trustee. 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 affect 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 under the Declaration of Trust, the Trustee may, and upon receipt of a Directive will, by notice in writing delivered to the City, declare the Principal Portion and Interest Portion of Basic Rent represented by all Certificates Outstanding to the end of the then-current Fiscal Year 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 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.

Any other provision in the Declaration of Trust to the contrary notwithstanding, the Owners of not less than a majority in aggregate principal amount of 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.

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 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.

Defeasance

When (a) the obligations of the City under the Lease have been satisfied in connection with the exercise by the City 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, and (b) the City 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 and the Lease have been satisfied or irrevocably provided for and (2) if the deposit of cash and Government Obligations is more than 90 days before the scheduled payment in full of the Certificates, 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 City 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 relating to the compensation or indemnification of the Trustee will survive the satisfaction and discharge of the Declaration of Trust.

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 at any time by a Directive or 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 a Directive. Written notice of any removal or resignation pursuant to this paragraph will be given by the Trustee to the City.

The Trustee may at any time resign by giving written notice of such resignation to the City and by giving the Certificate Owners Notice by Mail of such resignation at the addresses listed on the registration books kept by the Registrar. Upon receiving such notice of resignation, a successor Trustee will be appointed by a Directive.

SUMMARY OF THE LEASE

General

The Lease has been entered into between the Trustee and the City and contains the terms and conditions under which the Leased Property (subject to Permitted Encumbrances) will be leased to and used by the City.

Lease Term

The Original Term of the Lease will terminate the last day of the current Fiscal Year. The Lease Term may be continued, solely at the option of the City, at the end of the Original Term or any Renewal Term for an additional one year, provided that the final Renewal Term shall not extend beyond April 1, 2033. At the end of the Original Term and at the end of each Renewal Term, unless the City has terminated the Lease and for no other reason, the City 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 City

The City 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 City covenants in the Lease that its responsible financial officer will do all things lawfully within his 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 City's normal procedures for such decisions by the then-current governing body of the City.

Nonappropriation

The City 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 City 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 City 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 City agrees peaceably to transfer and surrender possession of the Leased Property to the Trustee.

Enjoyment of Leased Property

The Trustee will provide the City during the Lease Term with quiet use and enjoyment of the Leased Property (subject to Permitted Encumbrances). The City 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 City may use the Leased Property for any governmental or proprietary purpose of the City, 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 City 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 Leased Property, as to the manner and use or the condition of the Leased Property. The City 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. The City 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 City to comply with the foregoing provisions. Notwithstanding any provision contained in this paragraph, however, the City may, at its own cost and expense, to 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 City may refrain from complying therewith, if the City furnishes, on request, to the Trustee, at the City's expense, indemnity satisfactory to the Trustee.

Basic Rent

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

The City 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 City 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 City has agreed to pay or assume under the Lease; (c) all expenses, including 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, charges and expenses of the Trustee as provided in the Lease; and (e) any payments required to be made pursuant to the Tax Compliance Agreement. Amounts required to be paid under this Section will be paid directly to the person or entity owed.

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

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

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 City to terminate the Lease, the obligations of the City to pay the Basic Rent Payments 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 City of any rights or claims the City 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 City may enter into a Supplemental Lease or Supplemental Leases that increase the amount of Basic Rent payable by the City on any Basic Rent Payment Date to provide funds to pay the costs of (a) repairing, replacing or restoring the Leased Property, (b) improving, upgrading or modifying the Leased Property, (c) completing the Project and (d) refunding any or all of the Certificates. Each such Supplemental Lease will include an amended schedule of Rental Payments reflecting separately the Principal Portion and the Interest Portion of Basic Rent allocable to the original Lease and to each Supplemental Lease due on each Basic Rent Payment Date as well as the total Basic Rent on each Basic Rent Payment Date.

Acquisition, Construction and Installation of the Project

The City has agreed to enter into Construction Agreements providing for the construction of the Project in accordance with the plans and specifications or will construct the Project with City employees in accordance with the plans and specifications. The City has agreed in the Lease that it will use its best efforts to cause the Project to be completed with all reasonable dispatch.

Deficiency of Project Fund

If the Project Fund is insufficient to pay fully all Project Costs and to complete fully the Project lien free, the City 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 City will save the Trustee whole and harmless from any obligation to pay such deficiency. The City's obligation to pay any such deficiency will be limited to its current budgeted appropriations for the Project, and the City will have no obligation to appropriate additional funds therefor and may amend the Project to reduce or eliminate such deficiency.

Impositions

The City 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 City may, in its own name or in the Trustee's name, contest the validity or amount of any Imposition that the City is required to bear, pay and discharge pursuant to the terms of the Lease by appropriate legal proceedings instituted at least 10 days before the contested Imposition becomes delinquent. The City may permit the Imposition so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee notifies the City that, in the Opinion of Counsel, by nonpayment of any such items the interest of the Trustee in the Leased Property will be endangered or the Leased Property or any part thereof will be subject to loss or forfeiture. In that event, the City shall promptly pay such taxes, assessments or charges or provide the Trustee with full security against any loss which may result from nonpayment in form satisfactory to the Trustee.

Insurance

The City 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 City. The policy or policies of such insurance will name the City and the Trustee as insureds, 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 and installation of the Project and in lieu of the insurance required in the paragraph 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 City. Such policy or policies of insurance will name the City and the Trustee as insureds, as their respective interests may appear, and all payments received under such policy or policies by the City will be paid over to the Trustee.

(c) 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 City and the Trustee are named as insureds, in an amount not less than $500,000 combined single limit for bodily injuries and property damage.

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

(e) 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, 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.

(f) 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.

Enforcement of Contract and Surety Bonds.

In the event of material default of any contractor or subcontractor under a Construction Agreement or any other contract made in connection with the acquisition, construction and installation of the Project, or in the event of a material breach of warranty with respect to any materials, workmanship or performance, the City will promptly proceed, either separately or in conjunction with others, to pursue diligently the remedies of the

City against the contractor or subcontractor in default and against each surety on a bond securing the performance of such contract. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, after deduction of expenses incurred in such recovery and after reimbursement to the City of any amounts theretofore paid by the City not previously reimbursed to the City for correction or remedying of the default that gave rise to the proceedings against the contractor or subcontractor or surety, will be paid to the Trustee for deposit in the Project Fund if received before the Completion Date and, if such funds are received after the Completion Date, for deposit in the Lease Revenue Fund to be used solely for the purpose of paying Basic Rent under the Lease.

Maintenance and Modification of Leased Property by the City

The City will at its own expense (a) keep the Leased Property in a safe condition, (b) 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, and (c) keep the Leased Property in good repair and in good operating condition and make from time to time all necessary repairs thereto and renewals and replacements thereof; provided, however, that the City 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 City because of damage, destruction or obsolescence, or change in economic or business conditions, or change in government standards and regulations. The City 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 City will pay all costs and expenses of operation of the Leased Property.

The City 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 business purposes and that do not materially impair the structural strength or effective use, or materially decrease the value, of the Leased Property. All such additions, modifications or improvements made by the City will (a) be made in a workmanlike manner and in strict compliance with all laws and ordinances applicable thereto, (b) when commenced, be pursued to completion with due diligence and (c) when completed, be deemed a part of the Leased Property.

Damage, Destruction and Condemnation

The City 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 shall 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 City will cause the Net Proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Leased Property, unless the City 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 City and will be held and appropriated by the City for the exclusive purpose of paying Rent under the Lease.

If the City determines that the repair, restoration, modification or improvement of the Leased Property is not economically feasible or in the best interest of the City, then, in lieu of making such repair, restoration, modification or improvement and if permitted by law, the City 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 City to payment of the Purchase Price. Any balance of the Net Proceeds remaining after paying the Purchase Price will belong to the City.

In the Lease, the City acknowledges the provisions pertaining to eminent domain in the Base Lease. The Trustee and City 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. This Section will survive the termination of the Lease for any reason.

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

Purchase Option

The City 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, at the following times and on the following terms:

(a) On or after April 1, 2018, upon payment in full of Rent Payments then due plus a Purchase Price equal to 100% of the remaining Principal Portions of Basic Rent for the maximum Lease Term plus the Interest Portion 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 (1) Basic Rent Payments through and including the Prepayment Date (which will be on or after April 1, 2018 and (2) the Purchase Price, calculated as described in (a) above on the Certificates, to the Prepayment Date.

(c) In the event of substantial damage to or destruction or condemnation (other than condemnation by the City or any entity controlled by or otherwise affiliated with the City) of, or loss of title to, substantially all of the Leased Property, or if, 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, on the Basic Rent Payment Date the City specifies as the purchase date in the City's notice to the Trustee of its exercise of the purchase option, upon payment in full of the Rent Payments then due plus the then remaining Principal Portions of Basic Rent for the maximum Lease Term, plus the Interest Portion of Basic Rent accrued to the Prepayment Date.

Partial Prepayment

On or after April 1, 2018, the City may prepay the Basic Rent Payments in part, upon giving written notice to the Trustee at least 45 days before the Prepayment Date, at the Prepayment Price equal to 100% of 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 provisions of the Lease will be in integral multiples of $5,000 and shall be credited in inverse order of maturity. 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 City

Except as provided in the Lease, none of the City'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 City for any reason; except that the City may sublease any one or more parts of the Leased Property if the City 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 shall 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 City to pay Basic Rent pursuant to the Lease;

(b) Failure by the City to make any Supplemental Rent Payment when due and the continuance of such failure for 10 days after written notice specifying such failure and requesting that it be remedied is given to the City by the Trustee;

(c) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease, other than as described in subparagraph (a) or (b) above, for a period of 30 days after written notice specifying such failure and requesting that it be remedied is given to the City 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 City within the applicable period and diligently pursued until the default is corrected;

(d) Any statement, representation or warranty made by the City in or pursuant to the Base Lease or the Lease or the execution, delivery or performance of either 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 City, or is declared to be null and void, or the validity or enforceability thereof is contested by the City 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 City 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 City or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian for the City or a substantial part of its property 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 State and, if instituted against the City, is consented to or acquiesced in by the City or is not dismissed within 60 days.

Failure of the City to comply with the Continuing Disclosure Undertaking will not be an Event of Default under the Lease.

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 City, the Trustee may declare all Rent payable by the City 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 City 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 City'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 City, sublease the Leased Property continuing to hold the City liable for the difference between (1) the Rent payable by the City 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 attorney's fees);

(c) The Trustee may terminate any rights the City 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 City and the Trustee have entered into the Base Lease under which the City leases the Leased Property (subject to Permitted Encumbrances) to the Trustee for the rentals and upon the terms and conditions set forth therein.

Term

The term of the Base Lease commences from the date of delivery thereof, and ends on April 1, 2053, unless extended or terminated as provided therein.

Rental

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 City the sum of $10.00 and provide such other consideration as the Trustee and City 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 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 City (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 at the end of its stated term; provided, however, that if the City 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 City and terminated through merger of the leasehold interest under the Base Lease with the fee interest of the City if the City is the owner of the fee interest.

* * *

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

General. The Certificates are available in book-entry only form. Purchasers of the Certificates will not receive certificates representing their interests in the Certificates. Ownership interests in the Certificates will be available to purchasers only through a book-entry system (the "Book-Entry System") maintained by DTC.

The following information concerning DTC and DTC's book-entry system has been obtained from DTC. The City (referred to in this section as the "Issuer") takes no responsibility for 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.

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Certificates. The Certificates will be delivered 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 certificate will be delivered for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. 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.

3. Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each 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 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 Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

4. To facilitate subsequent transfers, all 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 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 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.

5. 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.

6. Redemption notices shall be sent to DTC. If less than all of the Certificates within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer 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 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the 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 Issuer 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 Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer 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.

9. DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

10. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.