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

*In the opinion of Co-Bond Counsel, based upon existing law and assuming, among other matters, compliance with certain covenants, interest on the Series 2016A Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended. Interest on the Series 2016A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. INTEREST ON THE SERIES 2016B BONDS AND SERIES 2016C BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. Co-Bond Counsel are also of the opinion that interest on all Series 2016 Bonds is excluded from Missouri taxable income for purposes of the personal income tax and corporate income tax imposed by the State of Missouri. Co-Bond Counsel express no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2016 Bonds. See **"TAX MATTERS"** herein regarding certain other tax considerations.*

ST. LOUIS MUNICIPAL FINANCE CORPORATION
$16,865,000
CARNAHAN COURTHOUSE
LEASEHOLD REVENUE REFUNDING BONDS
SERIES 2016A
(CITY OF ST. LOUIS, MISSOURI, LESSEE)

$3,635,000
TAXABLE QUALIFIED ENERGY CONSERVATION
LEASEHOLD REVENUE BONDS – DIRECT PAY
(ENERGY EFFICIENCY PROGRAM),
SERIES 2016B

$405,000
TAXABLE
LEASEHOLD REVENUE BONDS
(ENERGY EFFICIENCY PROGRAM),
SERIES 2016C

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

The St. Louis Municipal Finance Corporation (the ***"Corporation"***), a Missouri nonprofit corporation, is issuing its Carnahan Courthouse Leasehold Revenue Refunding Bonds, Series 2016A (City of St. Louis, Missouri, Lessee) (the **"Series 2016A Bonds"**), Taxable Qualified Energy Conservation Leasehold Revenue Bonds – Direct Pay (Energy Efficiency Program), Series 2016B (the ***"Series 2016B Bonds"***), and Taxable Leasehold Revenue Bonds (Energy Efficiency Program), Series 2016C (the ***"Series 2016C Bonds"***). The Series 2016A Bonds, Series 2016B Bonds and Series 2016C Bonds are collectively referred to herein as the ***"Series 2016 Bonds."*** The Series 2016 Bonds will be issued under and secured by the Indenture of Trust between the Corporation and UMB Bank, N.A., referred to herein as trustee (the ***"Trustee"***), dated as of April 1, 2002 (as amended and supplemented, and as further defined herein, the ***"Indenture"***). Proceeds of the Series 2016 Bonds will be utilized as described herein.

The Series 2016 Bonds and the interest thereon shall be special obligations of the Corporation payable solely out of the Rentals, Additional Rentals (both defined herein), and certain other revenues and income each Fiscal Year (defined herein), plus any unencumbered balances from previous Fiscal Years, subject to annual appropriation by The City of St. Louis, Missouri (the ***"City"*** or ***"St. Louis"***), derived by the Corporation pursuant to the Lease Purchase Agreement dated as of April 1, 2002 (as amended and supplemented, and as further defined herein, the ***"Lease Agreement"***), between the Corporation and the City. The Series 2016 Bonds are secured by a pledge and assignment of the Trust Estate (as defined in Indenture) to the Trustee pursuant to the Indenture. No incorporator, member, agent, employee, director, or officer of the Corporation or the City shall at any time or under any circumstances be individually or personally liable under the Indenture or the Lease Agreement for anything done or omitted to be done by the Corporation or the City thereunder.

The City and the Corporation have each designated the Series 2016B Bonds as ***"Qualified Energy Conservation Bonds"*** within the meaning of and for the purposes set forth in Section 54D of the Internal Revenue Code of 1986, as amended (the ***"Code"***). Neither of the Series 2016A Bonds nor the Series 2016C Bonds are qualified energy conservation bonds. See **"INTRODUCTION – Designation of Series 2016B Bonds as Qualified Energy Conservation Bonds"** herein.

THE SERIES 2016 BONDS SHALL NOT BE A DEBT OF THE CITY OR THE STATE OF MISSOURI (THE *"STATE"*) AND NEITHER THE CITY NOR THE STATE SHALL BE LIABLE THEREON, AND THE SERIES 2016 BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

THE CITY'S PAYMENT OF RENTALS AND ADDITIONAL RENTALS PURSUANT TO THE LEASE AGREEMENT IS SUBJECT TO ANNUAL APPROPRIATION BY THE CITY. IF THE CITY FAILS TO BUDGET AND APPROPRIATE FUNDS FOR RENTALS AND ADDITIONAL RENTALS IN ANY FISCAL YEAR, THE LEASE AGREEMENT WILL TERMINATE AT THE END OF THE FISCAL YEAR FOR WHICH FUNDS HAVE BEEN APPROPRIATED AND THE CITY WILL BE REQUIRED TO VACATE THE LEASED PROPERTY (AS DEFINED HEREIN), WHICH IS A PART OF THE SECURITY FOR THE SERIES 2016 BONDS. THE CORPORATION HAS NO TAXING POWER. SEE "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS" HEREIN.

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

This cover page contains information for reference only. It is not a complete summary of the Series 2016 Bonds. Investors must read the entire Official Statement, including the cover page, the inside cover page, and Appendices hereto, to obtain information essential to making an informed investment decision. Capitalized terms used and not defined herein are defined in **"APPENDIX C - DEFINITIONS OF WORDS AND TERMS"** attached to this Official Statement.

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

The Series 2016 Bonds are subject to redemption prior to maturity as more fully described herein.

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

The Series 2016 Bonds are offered when, as, and if issued by the Corporation and accepted by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Hardwick Law Firm LLC and Spencer Fane LLP, Co-Bond Counsel to the Corporation and certain other conditions. Certain legal matters will be passed upon for the Corporation and the City by the Office of the City Counselor. Certain legal matters will be passed upon for the City by Schiff Hardin LLP, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Armstrong Teasdale LLP and Richard G. Hughes & Associates, LLC. It is expected that the Series 2016 Bonds will be available for delivery to DTC, in New York, New York on or about May 4, 2016.

Series 2016A Bonds

Stern Brothers & Co. **Blaylock Beal Van, LLC**

US Bancorp

Siebert Brandford Shank & Co., L.L.C. **Wells Fargo Securities**

Series 2016B and Series 2016C Bonds

Blaylock Beal Van, LLC **Stern Brothers & Co.**

Siebert Brandford Shank & Co., L.L.C. **Wells Fargo Securities**

The date of this Official Statement is April 21, 2016.

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

ST. LOUIS MUNICIPAL FINANCE CORPORATION

$16,865,000
CARNAHAN COURTHOUSE LEASEHOLD REVENUE REFUNDING BONDS
SERIES 2016A
(CITY OF ST. LOUIS, MISSOURI, LESSEE)

Series 2016A Serial Bonds

Maturity (February 15)	Principal Amount	Interest Rate	Yield	Price	CUSIP[1]
2018	$ 860,000	3.000%	0.990%	103.537%	79165T RG8
2019	1,425,000	4.000%	1.130%	107.832%	79165T RH6
2020	1,480,000	4.000%	1.300%	109.927%	79165T RJ2
2021	1,540,000	4.000%	1.460%	111.685%	79165T RK9
2022	1,605,000	5.000%	1.660%	118.334%	79165T RL7
2023	1,680,000	5.000%	1.830%	120.125%	79165T RM5
2024	1,765,000	5.000%	1.990%	121.594%	79165T RN3
2025	1,855,000	5.000%	2.170%	122.511%	79165T RP8
2026	1,945,000	5.000%	2.300%	123.524%	79165T RQ6
2027	2,710,000	5.000%	2.440%	124.134%	79165T RR4

TAXABLE QUALIFIED ENERGY CONSERVATION
LEASEHOLD REVENUE BONDS – DIRECT PAY
(ENERGY EFFICIENCY PROGRAM),
SERIES 2016B

$3,635,000 4.072% Series 2016B Term Bonds due April 15, 2031 Yield: 4.072% Price: 100% CUSIP[1] 79165T RS2

$405,000
TAXABLE LEASEHOLD REVENUE BONDS
(ENERGY EFFICIENCY PROGRAM),
SERIES 2016C

Series 2016C Serial Bonds

Maturity (April 15)	Principal Amount	Interest Rate	Yield	Price	CUSIP[1]
2017	$ 65,000	1.230%	1.230%	100.000%	79165T RT0
2018	110,000	1.610%	1.610%	100.000%	79165T RU7
2019	115,000	1.890%	1.890%	100.000%	79165T RV5
2020	115,000	2.238%	2.238%	100.000%	79165T RW3

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

THE CITY OF ST. LOUIS, MISSOURI

ELECTED OFFICIALS

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

BOARD OF ALDERMEN

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

ST. LOUIS MUNICIPAL FINANCE CORPORATION

BOARD OF DIRECTORS

Comptroller Darlene Green, President
Tom Shepard, Vice President
Todd Waelterman, Vice President
Michael A. Garvin, Secretary
Paul Payne, Treasurer

OTHER CITY REPRESENTATIVES

Darlene Green, Comptroller for The City of St. Louis
Michael A. Garvin, Interim Deputy Counselor

BOARD OF ESTIMATE AND APPORTIONMENT

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

VERIFICATION AGENT

Samuel Klein and Company, Certified Public Accountants
Newark, New Jersey

REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement is provided in connection with the initial offering and sale of the Series 2016 Bonds referred to herein and may not be reproduced or be used, in whole or in part, for any other purpose. The information contained in this Official Statement has been derived from information provided by the Corporation or the City and other sources which are believed to be reliable. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

No dealer, broker, salesman, or other person has been authorized by the Corporation, the City, or the Underwriters to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2016 Bonds by any person in any state in which it is unlawful for such person to make such offer, solicitation, or sale.

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

The Series 2016 Bonds have not been registered with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended (the *"Securities Act"*) in reliance upon the exemption contained in Section 3(a)(2) of the Securities Act. The Indenture has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon an exemption contained in the Securities Act. The registration or qualification of the Series 2016 Bonds in accordance with applicable provisions of securities laws of any states in which the Series 2016 Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither these states nor any of their agencies have passed upon the merits of the Series 2016 Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2016 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CAUTIONARY STATEMENTS REGARDING FORWARD LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

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

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause actual results, performance, or achievements described to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Included in such

risks and uncertainties are (i) those relating to the possible invalidity of the underlying assumptions and estimates, (ii) possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances, and (iii) conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners, and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately. For these reasons, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

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

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

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OFFICIAL STATEMENT

Relating to

ST. LOUIS MUNICIPAL FINANCE CORPORATION

$16,865,000
CARNAHAN COURTHOUSE
LEASEHOLD REVENUE REFUNDING BONDS
SERIES 2016A
(CITY OF ST. LOUIS, MISSOURI, LESSEE)

$3,635,000
TAXABLE QUALIFIED ENERGY CONSERVATION
LEASEHOLD REVENUE BONDS – DIRECT PAY
(ENERGY EFFICIENCY PROGRAM),
SERIES 2016B

$405,000
TAXABLE LEASEHOLD REVENUE BONDS
(ENERGY EFFICIENCY PROGRAM),
SERIES 2016C

INTRODUCTION

*The information in this section is furnished solely to provide limited introductory information regarding the terms of the St. Louis Municipal Finance Corporation's Carnahan Courthouse Leasehold Revenue Refunding Bonds, Series 2016A (City of St. Louis, Missouri, Lessee) (the **"Series 2016A Bonds"**), Taxable Qualified Energy Conservation Leasehold Revenue Bonds – Direct Pay (Energy Efficiency Program), Series 2016B (the **"Series 2016B Bonds"**), and Taxable Leasehold Revenue Bonds (Energy Efficiency Program), Series 2016C (the **"Series 2016C Bonds,"** together with the Series 2016A Bonds and the Series 2016B Bonds, collectively, the **"Series 2016 Bonds"**), and does not purport to be comprehensive. Such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Official Statement, including the cover page, inside cover page, and the Appendices hereto. The order and placement of materials in this Official Statement, including the information on the cover page, inside cover page, and the Appendices, are not to be deemed to be a determination of relevance, materiality, or relative importance, and this Official Statement, including the cover page, inside cover page, and Appendices, must be considered in its entirety. Capitalized terms used and not defined herein are defined in **"APPENDIX C - DEFINITIONS OF WORDS AND TERMS"** attached to this Official Statement.*

The Corporation

The Series 2016 Bonds are being issued by the St. Louis Municipal Finance Corporation, a nonprofit corporation duly organized and existing under the Missouri Nonprofit Corporation Act, Chapter 355 of the Revised Statutes of Missouri, as amended (the ***"Corporation"***). The Corporation was organized in 1991 to lessen the burden of the government of The City of St. Louis, Missouri (the ***"City"*** or ***"St. Louis"***) by financing or acquiring and leasing to the City real property and improvements thereon and personal property for use by or on behalf of the City and to address certain other governmental needs of the City. In furtherance of these purposes, the Corporation may borrow money, invest money, disburse funds, and issue bonds. Neither the members of the Board of Directors of the Corporation (the ***"Board of Directors"***) nor any person executing the Series 2016 Bonds is personally liable on the Series 2016 Bonds by reason of the issuance thereof. The Series 2016 Bonds will not constitute a debt, liability, or obligation of the City or the State of Missouri (the ***"State"***). The Corporation, by proper corporate actions of its Board of Directors, has been duly authorized to execute and deliver the Third Supplemental Indenture, the Fourth Supplemental Indenture, the First Supplemental Base Lease, and the Second Supplemental Lease Agreement (all as further described herein) and all related documents. See **"THE CORPORATION"** herein.

Authorization for the Series 2016 Bonds

The Series 2016A Bonds are issued under the authority of the constitution and laws of the State, a resolution of the Corporation, adopted by the Board of Directors on April 19, 2016 (the ***"Resolution"***), and

Ordinance No. 70192 of the City, adopted by the Board of Aldermen on January 26, 2016, and approved by the Mayor on February 2, 2016.

The Series 2016A Bonds are issued under and secured by the Indenture of Trust, dated as of April 1, 2002 (the ***"Original Indenture"***) between the Corporation and UMB Bank, N.A., as trustee (the ***"Trustee"***), as amended by the First Supplemental Indenture of Trust dated as of October 1, 2006 between the Corporation and the Trustee (the ***"First Supplemental Indenture"***), the Second Supplemental Indenture of Trust dated as of July 1, 2010 between the Corporation and the Trustee (the ***"Second Supplemental Indenture"***), and the Third Supplemental Indenture of Trust dated as of May 1, 2016 between the Corporation and the Trustee (the ***"Third Supplemental Indenture"***).

The Series 2016B Bonds and Series 2016C Bonds are issued under the authority of the constitution and laws of the State, the Resolution, Ordinance No. 69893 of the City, adopted by the Board of Aldermen on November 14, 2014, and approved by the Mayor on December 18, 2014, as amended by Ordinance No. 70199 of the City, adopted by the Board of Aldermen on January 29, 2016, and approved by the Mayor on February 3, 2016.

The Series 2016B Bonds and Series 2016C Bonds are issued under and secured by the Fourth Supplemental Indenture of Trust dated as of May 1, 2016, between the Corporation and the Trustee (the ***"Fourth Supplemental Indenture"***), which amends the Original Indenture along with the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture (the Original Indenture, as so amended and as may be further amended from time to time pursuant to its terms, is collectively referred to herein as the ***"Indenture"***). The Series 2016B Bonds and the Series 2016C Bonds are referred to herein from time to time as the "***Energy Bonds***," and, together with the Series 2016A Bonds and any Additional Bonds (as defined in the Indenture) that may be authenticated and delivered under the Indenture in the future are collectively referred to herein as the ***"Bonds."***

The Carnahan Courthouse

The Carnahan Courthouse is the former federal courthouse building located at 1100-1114 Market Street, St. Louis, Missouri, which is located on the Property (as defined in the Indenture) and leased by the Corporation to the City under the Lease Agreement (defined below). The term ***"Carnahan Courthouse"*** as used herein includes the acquisition, construction, renovation, equipping and installing of furnishings and equipment thereof, and any Improvements (as defined in the Indenture) thereto, the Property, and any personalty hereafter acquired by the Corporation and leased by the Corporation to the City pursuant to the Lease Agreement (as defined herein). See **"THE CARNAHAN COURTHOUSE"** herein.

Purposes of the Series 2016 Bonds

A portion of the proceeds of the Series 2016A Bonds will be used, together with other available funds, to refund all or a portion of the Corporation's Outstanding Carnahan Courthouse Leasehold Revenue Refunding Bonds, Series 2006A (City of St. Louis, Missouri, Lessee), currently outstanding in the principal amount of $19,360,000 (the ***"Refunded Bonds"***), which Refunded Bonds were issued to refund the Corporation's Carnahan Courthouse Leasehold Revenue Bonds, Series 2002A (City of St. Louis, Missouri, Lessee) issued in the original principal amount of $21,750,000 (the ***"Series 2002A Bonds"***) that were issued to (i) finance the acquisition of real and personal property, and the construction, renovation, equipping of, and the installation of furnishings and equipment for, the Carnahan Courthouse, (ii) fund a debt service reserve fund for the Series 2002A Bonds, (iii) pay capitalized interest on the Series 2002A Bonds, and (iv) pay certain costs of issuance of the Series 2002A Bonds. Proceeds of the Series 2016A Bonds will also be used, together with other available funds, to fund a debt service reserve fund for the Series 2016A Bonds, and pay certain costs of issuance of the Series 2016A Bonds.

The proceeds of the Series 2016B Bonds will be used to (i) finance a public building energy conservation project consisting of improvements to the heating, ventilating and air conditioning (***"HVAC"***) systems of the Carnahan Courthouse (the ***"Courthouse Improvements"***), and energy efficiency improvements to other qualifying public buildings of the City (collectively, with the Courthouse Improvements the ***"Financed Property"***), (ii) fund loans, grants or other energy efficiency improvements through the City's Energy Efficiency Program (defined herein), which qualify for financing with "Qualified Energy Conservation Bonds," and (iii) pay certain costs of issuance of the Series 2016B Bonds. See **"PLAN OF FINANCE – The Energy Efficiency Program"** below.

The proceeds of the Series 2016C Bonds will be used to (i) finance additional program and financing costs relating to the City's Energy Efficiency Program, (ii) fund capitalized interest on the Series 2016B Bonds, and (iii) pay certain costs of issuance of the Series 2016B Bonds and Series 2016C Bonds. See also **"PLAN OF FINANCE"** herein.

Security and Sources of Payment for the Series 2016 Bonds

The Series 2016 Bonds shall be special obligations of the Corporation payable solely out of the Rentals and certain Additional Rentals, and certain other revenues and income each Fiscal Year plus any unencumbered balances from previous Fiscal Years, subject to annual appropriation by the City, derived by the Corporation pursuant to a Lease Purchase Agreement, dated as of April 1, 2002, between the City and the Corporation (the ***"Original Lease Agreement"***), as amended and supplemented by the First Supplemental Lease Purchase Agreement, dated as of October 1, 2006, between the Corporation and the City, and the Second Supplemental Lease Purchase Agreement dated as of May 1, 2016, between the Corporation and the City (the Original Lease Agreement, as so amended and as may be further amended from time to time pursuant to its terms, is collectively referred to herein as the ***"Lease Agreement"***). The Series 2016 Bonds are secured by a pledge and assignment to the Trustee of the Trust Estate created pursuant to the Indenture. In each Fiscal Year, the City is obligated, subject to annual appropriation, to make payments of Rentals and Additional Rentals payable under the Lease Agreement, which shall be payable solely from the amounts, if any, appropriated therefor out of the income and revenue provided for such Fiscal Year plus any unencumbered balances from previous Fiscal Years. For additional information on the security and sources of payment for the Series 2016 Bonds, see also **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS"** herein.

Designation of Series 2016B Bonds as Qualified Energy Conservation Bonds

The Corporation and the City have each (1) designated the Series 2016B Bonds as "Qualified Energy Conservation Bonds" under Section 54D(a) of the Internal Revenue Code of 1986, as amended (the ***"Code"***), and (2) irrevocably elected to receive directly from the United States Department of the Treasury (the ***"Treasury"***) a subsidy payment in an amount equal to the lesser of (A) the stated coupon interest rate payable on the Series 2016B Bonds on a Payment Date or (B) seventy percent (70%) of the interest to be paid at the "applicable credit rate" as determined by the Treasury on the date of the pricing of the Series 2016B Bonds, all in accordance with certain procedural requirements provided for in the Code and in applicable Treasury Regulations (the ***"QECB Interest Subsidy Payments"***). The QECB Interest Subsidy Payments are not pledged but will serve as an offset to the City's future payment requirements under the Lease Agreement with respect to the Series 2016B Bonds, following their receipt as described herein. See **"THE SERIES 2016 BONDS – Qualified Energy Conservation Bonds (Series 2016B Bonds)"** for more information about the QECB Interest Subsidy Payments.

Definitions and Summaries of Certain Legal Documents

Capitalized terms used and not defined herein are defined in **"APPENDIX C - DEFINITIONS OF WORDS AND TERMS"** attached to this Official Statement. Summaries of the Indenture and the Lease Agreement and certain other matters are set forth in **APPENDIX D** to this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Indenture, the Base Lease (as defined below), the Lease Agreement, the Tax Compliance Agreement, the Program Compliance Agreement and the Continuing Disclosure Agreement (as defined below) are qualified in their entirety by reference to such documents. Copies or the definitive form, as applicable, of such documents may be reviewed prior to delivery of the Series 2016 Bonds at the offices of the City's Comptroller located at 1200 Market Street, St. Louis, Missouri 63103, and following delivery of the Series 2016 Bonds at the office of the Trustee, 2 S. Broadway, St. Louis, Missouri 63102, (314) 612-8480, or will be provided to any prospective purchaser requesting the same, upon payment by such prospective purchaser of any cost of complying with such request.

THE CORPORATION

Board of Directors/Officers

The property and day-to-day affairs of the Corporation are governed and managed by its Board of Directors. The Board of Directors is comprised of five (5) persons who serve by virtue of their respective offices within the City's government for so long as they hold such offices as follows:

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

The officers of the Corporation are chosen by vote of a majority of the directors in office. The officers hold office for terms of three (3) years. The Board of Directors may appoint such other officers and agents as it deems necessary, who hold their offices for such terms, exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors. The current officers of the Corporation are set forth below.

Name	Office
Comptroller Darlene Green	President
Tom Shepard	Vice President
Todd Waelterman	Vice President
Michael A. Garvin	Secretary
Paul Payne	Treasurer

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

The Corporation neither has nor assumes any responsibility as to the accuracy or completeness of any information contained herein which has been furnished by others, including information under the headings **"THE CITY,"** and **APPENDICES A** and **B** furnished by the City.

Outstanding Indebtedness

At the time of issuance and delivery of the Series 2016 Bonds and following the refunding of the Series 2006A Bonds, the Corporation will have no other series of bonds or obligations, other than the Series 2016 Bonds, outstanding and secured by the Indenture and the Lease Agreement. See **"THE SERIES 2016 BONDS – Security for the Series 2016 Bonds"** and "**– Additional Bonds"** herein.

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

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

THE CITY

Certain information relating to the City is set forth in **"APPENDIX A- INFORMATION REGARDING THE CITY OF ST. LOUIS, MISSOURI."** The City's basic audited financial statements for the Fiscal Year (as defined herein) ended June 30, 2015, are set forth in **"APPENDIX B – INDEPENDENT AUDITOR'S REPORT AND BASIC FINANCIAL STATEMENTS OF THE CITY OF ST. LOUIS, MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2015."** A complete copy of the City's 2015 Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2015 is available for inspection at the City's Comptroller's offices located at 1520 Market Street, St. Louis, Missouri 63103 or online at *www.stlouis.missouri.org*. Payments made by the City under the Lease Agreement will be made from funds to the extent appropriated annually by the City from its general fund.

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

PLAN OF FINANCE

Overview

The proceeds of the Series 2016A Bonds will be used, together with other available funds, to (i) refund all or a portion of the Refunded Bonds, (ii) fund a debt service reserve fund for the Series 2016A Bonds, and (iii) pay certain costs of issuance of the Series 2016A Bonds. The proceeds of the Series 2016B Bonds will be used to (i) finance a public building energy conservation project consisting of the Financed Property, which includes the Courthouse Improvements, (ii) fund loans, grants or other energy efficiency improvements through the City's Energy Efficiency Program, which improvements qualify for financing with "Qualified Energy Conservation Bonds" under the Code, and (iii) pay certain costs of issuance of the Series 2016B Bonds. The proceeds of the Series 2016C Bonds will be used to (i) finance additional program and financing costs of the City's Energy Efficiency Program, (ii) fund capitalized interest on the Series 2016B Bonds, and (iii) pay certain costs of issuance of the Series 2016B Bonds and Series 2016C Bonds.

The Energy Efficiency Program

A portion of the net proceeds of the Energy Bonds will be used to fund projects through the City's "Energy Efficiency Program," consisting of: (1) low-interest loans to homeowners for residential real property energy efficiency improvements, and (2) certain qualified energy conservation projects for public buildings, including the installation of the Courthouse Improvements.

The Refunding

A portion of the net proceeds of the Series 2016A Bonds will be deposited into the Escrow Fund under the Indenture, and will be used by the Trustee, together with other available funds, to pay the costs of refunding the Refunded Bonds on or about May 23, 2016 (the ***"Refunding Redemption Date"***). The Refunded Bonds will be called for redemption on the Refunding Redemption Date at a redemption price of par plus accrued interest to the Refunding Redemption Date pursuant to the Indenture.

On the date of issuance of the Series 2016 Bonds, Samuel Klein and Company, Certified Public Accountants, Newark, New Jersey, will deliver a report on the mathematical accuracy of the computations contained in schedules provided to them as described under the caption **"VERIFICATION OF MATHEMATICAL AND ARITHMETICAL CALCULATIONS"** herein. The money and securities deposited into the Escrow Fund have been irrevocably pledged to the payment of the Refunded Bonds and will be used only to pay the principal of and accrued interest on the Refunded Bonds, and will not be available for payment of debt service on the Series 2016 Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The following sets forth the estimated sources and uses of the proceeds of the Series 2016 Bonds and other available funds:

Series 2016A Bonds

Sources of Funds:	**Amount**
Par Amount of Series 2016A Bonds	$16,865,000.00
Original Issue Premium	3,011,539.85
Transfer from Refunded Bonds Reserve Fund	2,188,581.26
TOTAL SOURCES	$22,065,121.11

Uses of Funds:	
Deposit to Escrow Fund for Refunded Bonds	$19,577,718.23
Deposit to Series 2016A Debt Service Reserve Account	1,987,653.99
Costs of Issuance*	499,748.89
TOTAL USES	$22,065,121.11

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

Series 2016B and Series 2016C Bonds

Sources of Funds:	**Amount**
Par Amount of Series 2016B Bonds	$3,635,000.00
Par Amount of Series 2016C Bonds	405,000.00
TOTAL SOURCES	$4,040,000.00

Uses of Funds:	
Deposit to Capitalized Interest Fund	$ 68,126.34
Deposit to Series 2016B Project Account	3,562,300.00
Deposit to Series 2016C Project Account	146,500.00
Costs of Issuance*	263,073.66
TOTAL USES	$4,040,000.00

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

COMBINED DEBT SERVICE REQUIREMENTS

The following table sets forth the anticipated debt service requirements for the Series 2016 Bonds following the refunding of the Refunded Bonds.

Fiscal Year Ending June 30	Series 2016A Bonds	Series 2016B Bonds	QECB Interest Subsidy Payments (Series 2016B Bonds Only)[1]	Series 2016C Bonds	Aggregate Debt Service
2017	$ 610,082.22	$ 140,205.18	($107,736.26)	$ 71,931.49	$ 714,482.63
2018	1,641,600.00	148,017.20	(113,739.16)	116,518.20	1,792,396.24
2019	2,180,800.00	148,017.20	(113,739.16)	119,747.20	2,334,825.24
2020	2,178,800.00	148,017.20	(113,739.16)	117,573.70	2,330,651.74
2021	2,179,600.00	148,017.20	(113,739.16)	-	2,213,878.04
2022	2,183,000.00	148,017.20	(113,739.16)	-	2,217,278.04
2023	2,177,750.00	148,017.20	(113,739.16)	-	2,212,028.04
2024	2,178,750.00	148,017.20	(113,739.16)	-	2,213,028.04
2025	2,180,500.00	148,017.20	(113,739.16)	-	2,214,778.04
2026	2,177,750.00	148,017.20	(113,739.16)	-	2,212,028.04
2027	2,845,500.00	148,017.20	(113,739.16)	-	2,879,778.04
2028	-	148,017.20	(113,739.16)	-	34,278.04
2029	-	148,017.20	(113,739.16)	-	34,278.04
2030	-	148,017.20	(113,739.16)	-	34,278.04
2031	-	3,783,017.20	(113,739.16)	-	3,669,278.04
Totals	**$22,534,132.22**	**$5,847,445.98**	**($1,700,084.50)**	**$425,770.59**	**$27,107,264.29**

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[1] Payments may vary depending on actual QECB Interest Subsidy Payments received. See **"THE SERIES 2016 BONDS – Qualified Energy Conservation Bonds (Series 2016B Bonds)"** herein.

THE SERIES 2016 BONDS

General

The Series 2016 Bonds shall consist of three series of bonds in the principal amounts shown on the cover page of this Official Statement. The Series 2016A Bonds are designated as the Carnahan Courthouse Leasehold Revenue Refunding Bonds, Series 2016A (City of St. Louis, Missouri, Lessee); the Series 2016B Bonds are designated as Taxable Qualified Energy Conservation Leasehold Revenue Bonds – Direct Pay (Energy Efficiency Program), Series 2016B, and the Series 2016C Bonds are designated as Taxable Leasehold Revenue Bonds (Energy Efficiency Program), Series 2016C. The Series 2016 Bonds will be issued as fully registered bonds, without coupons, and will be registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of The Depository Trust Company (***"DTC"***), New York, New York, as Registered Owner and nominee for DTC. No Beneficial Owners (as defined herein) will receive certificates representing their respective interest in the Series 2016 Bonds, except in the event the Corporation issues replacement bonds. Ownership and subsequent transfers of ownership will be reflected by book-entry on the records of DTC and the Participants (as defined herein).

The Series 2016 Bonds will be issued in denominations of $5,000 or any integral multiple thereof, will be dated the date of their delivery, and will bear interest from that date. The Series 2016A Bonds are payable beginning August 15, 2016, and semi-annually thereafter on each February 15 and August 15 at the rates, and maturing on February 15 in the years set forth on the inside cover page hereof. The Series 2016B Bonds and Series 2016C Bonds are payable beginning October 15, 2016, and semi-annually thereafter on each April 15 and October 15 at the rates, and maturing on April 15 in the years set forth on the inside cover page hereof.

Prior to their maturity, the Series 2016A Bonds are subject to optional redemption and extraordinary optional redemption. The Series 2016B Bonds are subject to optional redemption, extraordinary optional redemption and extraordinary mandatory redemption prior to maturity. The Series 2016C Bonds are not subject to optional redemption, but are subject to extraordinary optional redemption prior to maturity.

Interest on the Series 2016 Bonds will be payable on each Interest Payment Date by check or draft mailed to the registered owner as of the close of business on the Record Date next preceding such Interest Payment Date. Upon the request of any holder of at least $1,000,000 principal amount of Series 2016 Bonds, payment of interest to such Holder will be made by wire transfer. Payment of principal, and premium, if any, of the Series 2016 Bonds, will be made upon presentation and surrender of the Series 2016 Bonds at the payment office of the Trustee.

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

Security for the Series 2016 Bonds

As security for the payment of the principal of and redemption premium, if any, on the Series 2016 Bonds, the Corporation is pledging to the Trustee under the Indenture, for the equal and proportionate benefit and security of all present and future Holders of the Series 2016 Bonds on a parity with all present and future Holders of any Additional Bonds, all of its right, title, and interest in and to the Base Lease, the Lease Agreement (except for certain payments including the Corporation's rights to payments of costs and expenses and to indemnity) and all Rentals and certain Additional Rentals derived by the Corporation under and pursuant to the Lease Agreement (except for certain payments including the Corporation's rights to payments of costs and expenses and to indemnity), real and personal property interests and all moneys and securities from time to time held by the Trustee under the terms of the Indenture (excluding moneys on deposit in the Rebate Fund). **However, moneys on deposit in the Series 2016A Debt Service Reserve Account within the Debt Service Reserve Fund** (the ***"Series 2016A Debt Service Reserve Account"***) **only secure the Series 2016A Bonds.** See the information contained under the caption **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS."**

A reserve account for the Series 2016B Bonds has been established under the Indenture (the ***"Principal Reserve Account"***). The Trustee shall deposit into the Principal Reserve Account certain Additional Rentals paid by the City, which consist of annual amounts as specified by the Lease. Such scheduled annual amounts are intended, together with interest earnings thereon, to be sufficient to repay the principal of the Series 2016B Bonds in full at maturity (absent prior optional redemption). Moneys on deposit in the Principal Reserve Account, together with interest earnings thereon, shall be transferred by the Trustee to the Series 2016B Bond Account of the Bond Fund on or prior to the maturity date for the Series 2016B Bonds or any earlier optional redemption date for the Series 2016B Bonds as may be exercised by the Corporation at the written direction of the City. **Moneys on deposit in the Principal Reserve Account only secure the Series 2016B Bonds.** See also the caption **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS."**

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

THE CITY'S PAYMENT OF RENTALS AND ADDITIONAL RENTALS PURSUANT TO THE LEASE AGREEMENT IS SUBJECT TO ANNUAL APPROPRIATION BY THE CITY. IF THE CITY FAILS TO BUDGET AND APPROPRIATE FUNDS FOR RENTALS AND ADDITIONAL RENTALS IN ANY FISCAL YEAR, THE LEASE AGREEMENT WILL TERMINATE AT THE END OF THE FISCAL YEAR FOR WHICH FUNDS HAVE BEEN APPROPRIATED AND THE CITY WILL BE REQUIRED TO VACATE THE LEASED PROPERTY (AS DEFINED HEREIN). THE CORPORATION HAS NO TAXING POWER. SEE "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS" HEREIN.

Qualified Energy Conservation Bonds (Series 2016B Bonds)

QECB Interest Subsidy Payments. The Series 2016B Bonds have been designated by the Corporation and the City as "Qualified Energy Conservation Bonds" under Section 54D(a) of the Code. As a result of such designation, the City expects to receive QECB Interest Subsidy Payments from the Treasury equal to a percentage of the interest payable on the Series 2016B Bonds. The QECB Interest Subsidy Payments will not constitute a full faith and credit obligation of or guarantee by the United States Government, but are to be paid as a direct subsidy payment by the Treasury. If the City or the Corporation fails to comply with the conditions to receiving the QECB Interest Subsidy Payments throughout the term of the Series 2016B Bonds, the City may no longer receive the QECB Interest Subsidy Payments and could be subject to a claim for the return of previously received QECB Interest Subsidy Payments.

The QECB Interest Subsidy Payments are not pledged but will serve as an offset to the City's future payment requirements under the Lease Agreement with respect to the Series 2016B Bonds, following their receipt. The City and the Corporation will enter into a Program Compliance Agreement with the Trustee (the ***"Program Compliance Agreement"***). Under the Program Compliance Agreement the City will requisition QECB Interest Subsidy Payments on a semiannual basis directly from the Treasury and designate that the QEBC Interest Subsidy Payments are to be sent directly to the Trustee for deposit into a segregated revenue account held under the Indenture by the Trustee (the ***"Revenue Fund"***). The Trustee shall transfer such QECB Interest Subsidy Payments from the Revenue Fund to the Series 2016B Bond Account to be applied to Rental Payments when due under the Lease Agreement.

The Internal Revenue Service (the ***"IRS"***) has implemented an examination program for certain types of bonds that qualify for direct federal subsidies, such as the Series 2016B Bonds. No assurance can be given that the Series 2016B Bonds will not be selected by the IRS for examination in connection with such program or otherwise. In the event the IRS files a proposed adverse determination letter as a result of such an examination, announced IRS policy is to suspend payment to the City of the QECB Interest Subsidy Payments pending a final determination of the qualification of the Series 2016B Bonds.

Furthermore, in certain circumstances, the Treasury may reduce (offset) the amounts determined by the Treasury to be applicable under the Code and regulations promulgated thereunder. For example, offsets may occur by reason of any past-due legally enforceable debt of the City to any federal agency. The amount of any such offsets is not predictable but the City does not currently expect that any such offset will apply to the QECB Interest Subsidy Payments the City expects to receive.

Federal Sequestration. As a result of the sequester provisions in the Budget Control Act of 2011 and the American Taxpayer Relief Act of 2012, President Obama issued an executive order on March 1, 2013, making automatic cuts to a number of departments within the federal government. The Office of Management and Budget issued a report describing how these cuts will affect subsidy payments for direct pay bonds such as the QECB Interest Subsidy Payments expected to be received by the City with respect to the Series 2016B Bonds. Subject to clarification and the possibility of Congressional action, issuers of direct pay bonds such as the Series 2016B Bonds face sequestration through federal fiscal year 2024, with reductions in QECB Interest Subsidy Payments expected to vary between approximately 5.9% and 7% of what would otherwise be received. The Corporation remains obligated to make interest and principal payments due on the Series 2016B Bonds from the Rental Payments to be paid by the City under the Lease Agreement, regardless of whether QECB Interest Subsidy Payments are received, but the reductions in the QECB Interest Subsidy Payments could adversely affect the City's ability to make such Rental Payments.

Optional Redemption

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

Series 2016B Bonds. The Series 2016B Bonds maturing on April 15, 2031, are subject to optional redemption and payment prior to maturity at the option of the Corporation on and after April 15, 2026 as a whole or in part at any time from maturities selected by the Corporation (Series 2016B Bonds of less than a full maturity to be selected in multiples of $5,000 principal amount by the Trustee in such equitable manner as it shall designate), at the redemption price equal to the principal amount thereof, plus accrued interest to the Redemption Date.

Series 2016C Bonds. The Series 2016C Bonds are not subject to optional redemption prior to maturity.

Extraordinary Optional Redemption

All Series 2016 Bonds. All Series 2016 Bonds are subject to extraordinary optional redemption and payment prior to their respective Stated Maturities by the Corporation, upon instructions from the City on any date, in whole or in part, upon the occurrence of any of the following conditions or events:

(1) if title to, or the use of, substantially all of the Leased Property is condemned by any authority having the power of eminent domain;

(2) if the Corporation's interest in substantially all of the Leased Property is found to be deficient or nonexistent to the extent that the Leased Property is untenantable or the efficient utilization of the Leased Property by the City is impaired;

(3) if substantially all of the Leased Property is damaged or destroyed by fire or other casualty; or

(4) if as a result of changes in the Constitution of the State, or of legislative or administrative action by the State or any political subdivision thereof, or by the United States, or by reason of any action instituted in any court, the Lease Agreement shall become void or unenforceable, or impossible of performance without unreasonable delay, or in any other way, by reason of such change of circumstances, unreasonable burdens or excessive liabilities are imposed on the City or the Corporation. Series 2016 Bonds redeemed pursuant to this Section shall be redeemed at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the Redemption Date fixed for redemption and payment without a premium.

Series 2016B Bonds. In addition, all or a portion of the Series 2016B Bonds shall be subject to redemption prior to maturity at the option of the Corporation, upon instructions from the City, in whole or in part, on any date, upon the occurrence of an Extraordinary Event (as defined in this paragraph below), at the redemption price of par or, if greater than par and so provided in the written instructions from the Corporation, the initial reoffering price for the Series 2016B Bonds as set forth in the Official Statement for the Series 2016B Bonds, plus accrued interest on the Series 2016B Bonds to be redeemed to the Redemption Date. An ***"Extraordinary Event"*** means the occurrence of either of the following: (a) (i) any Code provision is repealed, amended or modified in a manner which results in the elimination or the reduction of 40% or more of a QECB Interest Subsidy Payment from the Treasury to the City and which is not the result of any act or omission by the City or the Corporation to satisfy the requirements to qualify to receive such QECB Interest Subsidy Payment, or (ii) any guidance is published by IRS or the Treasury with respect to such Code provision or any other determination is made by the IRS or the Treasury pursuant to which all or a portion of a QECB Interest Subsidy Payment is reduced by 40% or eliminated and which reduction or elimination is not the result of any act or omission by the City or the Corporation to satisfy the requirements to qualify to receive such QECB Interest Subsidy Payment, the amount of such elimination or reduction required to redeem such Series 2016B Bonds under this section will be set forth in the written instructions from the Corporation, or (b) the Treasury fails to make a QECB Interest Subsidy Payment to which the City or the Corporation is entitled in connection with the Series 2016B Bonds and such failure is not caused by any action or inaction by the City or the Corporation.

Series 2016B Extraordinary Mandatory Redemption

The Series 2016B Bonds are subject to extraordinary mandatory redemption at the option of the Corporation as a whole or in part at any time from maturities selected by the Corporation (Series 2016B Bonds of less than a full maturity to be selected in Authorized Denominations by the Trustee in such equitable manner as it shall designate), at the redemption price equal to the principal amount thereof, plus accrued interest to the Redemption Date, if and to the extent any unspent Series 2016B Bond proceeds remain in the Series 2016B Project Account of the Project Fund on May 3, 2019.

Selection of Series 2016 Bonds to be Redeemed

Series 2016 Bonds shall be redeemed only in Authorized Denominations. In the event less than all of the Series 2016 Bonds of a Stated Maturity are to be redeemed, the Trustee shall select the Series 2016 Bonds to be redeemed by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions of the principal of Outstanding Series 2016 Bonds of a denomination larger than $5,000. Any Series 2016 Bond which is to be redeemed only in part shall be submitted to the Paying Agent and delivered to the Trustee, who shall authenticate and deliver to the Holder of such Series 2016 Bond, without service charge, a new Series 2016 Bond or Bonds of any authorized denominations as requested by such Holder in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Series 2016 Bonds so surrendered. If the Holder of any Series 2016 Bond to be redeemed only, in part fails to present such Series 2016 Bond to the Paying Agent for payment and exchange, such Series 2016 Bond will nevertheless become due and payable on the Redemption Date to the extent of the principal amount of a Series 2016 Bond so called for redemption and accrued interest thereon (and to that extent only). If the Series 2016 Bonds are in form of Global Bond Certificates, the partial redemption thereof shall be governed by agreement between the Corporation, the Trustee, and the Depository.

Notice and Effect of Call for Redemption

If and when any of the Series 2016 Bonds are called for redemption and payment prior to their Stated Maturity, the Trustee shall give written notice of said redemption and payment by first class mail, postage prepaid, mailed not less than 30 days nor more than 60 days prior to the Redemption Date to each Holder of Series 2016 Bonds to be redeemed, at the address appearing on the Bond Register. All notices of redemption shall include the Redemption Notice Information. The failure of the Holder of any Series 2016 Bond to be so redeemed to receive written notice mailed as provided in the Indenture or any defect in such notice shall not affect or invalidate the proceedings for the redemption of Series 2016 Bonds. The Bond Registrar is also directed to comply with any mandatory standards then in effect for processing redemptions of municipal securities established by the Securities and Exchange Commission. Failure to comply with such standards shall not affect or invalidate the redemption of any Series 2016 Bonds to be redeemed. Notice of the redemption of Series 2016 Bonds under the Indenture, except with respect to any notice that refers to Series 2016 Bonds that are the subject of an advance refunding, shall be given only if sufficient funds have been deposited with the Trustee to pay the redemption price of the Series 2016

Bonds to be redeemed (unless such notice shall state that the foregoing redemptions shall be made only to the extent there are funds available therefor).

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

Registration, Transfer, and Exchange of Bonds

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

Subject to any restrictions relating to Global Bond Certificates for Series 2016 Bonds issued in book-entry only form, Series 2016 Bonds may be transferred in the Bond Register only upon surrender thereof to the Trustee duly endorsed for transfer or accompanied by a written instrument of transfer duly executed by the Registered Owner thereof or his attorney or legal representative in such form as shall be satisfactory to the Trustee. Upon any such transfer, the Corporation shall execute and the Trustee shall authenticate and deliver in exchange for such Series 2016 Bonds, a new Series 2016 Bond, registered in the name of the transferee, of any denomination or denominations authorized by the Indenture in an aggregate principal amount equal to the principal amount of such Series 2016 Bonds, of the same Series and Stated Maturity, and bearing interest at the same rate.

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

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

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

Book-Entry-Only System

Upon initial issuance, ownership interests in the Series 2016 Bonds will be available to purchasers only through a book-entry system (the ***"Book-Entry System"***) and a single Global Bond Certificate for each Stated Maturity for the Series 2016A Bonds, the Series 2016B Bonds, and the Series 2016C Bonds delivered by the Corporation to or upon the order of the initial purchasers for deposit by DTC, New York, New York, which will act as securities depository for the Series 2016 Bonds. The Series 2016 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. Initially, one fully-registered certificate will be issued for each Stated Maturity of the Series 2016 Bonds, as applicable, in the aggregate principal amount of each Stated Maturity of the Series 2016 Bonds, as applicable, and will be deposited with DTC. See **APPENDIX E** of this Official Statement for a description of DTC and its Book-Entry System. The information in **APPENDIX E** will not apply to any Series 2016 Bonds issued in certificate form due to the discontinuance of the Book-Entry System.

Additional Bonds

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

(i) paying the Costs of completing the Project or any costs of any other project or projects approved by the City and the Corporation to be financed through the issuance of Additional Bonds on a parity with the Series 2016 Bonds under the Indenture and to which the City has agreed, subject to annual appropriation, to amend and supplement the Lease Agreement to add Rentals sufficient to pay principal and interest coming due on such Additional Bonds; or

(ii) providing funds for refunding of all or a portion of the Bonds then Outstanding of any Series, including the payment of any redemption premium thereon and interest to accrue to the designated Redemption Date and any expenses in connection with such refunding. See also **"APPENDIX D - SUMMARY OF LEGAL DOCUMENTS"** attached hereto.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS

General

Pursuant to a Base Lease, dated as of April 1, 2002, between the City and the Corporation, as amended and supplemented by the First Supplemental Base Lease, dated as of May 1, 2016, between the City and the Corporation, and as from time to time further supplemented or amended in accordance with the Indenture (collectively, the ***"Base Lease"***), the City leases to the Corporation a leasehold interest in certain real property (as defined in the Base Lease, the ***"Property"***), the Carnahan Courthouse, and the Improvements (defined in the Indenture) (the Property, the Carnahan Courthouse and the Improvements are referred to collectively as the ***"Leased Property"***). The Corporation has leased back to the City the Leased Property pursuant to the Lease Agreement.

The Series 2016 Bonds, and the interest thereon, are special obligations of the Corporation payable solely out of the Rentals and the Additional Rentals derived by the Corporation from the leasing of the Leased Property pursuant to the Lease Agreement.

THE SERIES 2016 BONDS, AND THE INTEREST THEREON, SHALL NOT BE A DEBT OF THE CITY OR THE STATE, AND NEITHER THE CITY NOR THE STATE SHALL BE LIABLE

THEREON, AND THE SERIES 2016 BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER DEBT LIMITATION OR RESTRICTION. NO INCORPORATOR, MEMBER, AGENT, EMPLOYEE, DIRECTOR, OFFICIAL, OR OFFICER OF THE CORPORATION OR THE CITY SHALL AT ANY TIME OR UNDER ANY CIRCUMSTANCES BE INDIVIDUALLY OR PERSONALLY LIABLE UNDER THE INDENTURE OR THE LEASE AGREEMENT FOR ANYTHING DONE OR OMITTED TO BE DONE BY THE CORPORATION THEREUNDER.

For so long as the Series 2016 Bonds are Outstanding, the City is required to pay, as Rentals, to the Trustee, as assignee of the Corporation, amounts corresponding to payments of principal of, premium, if any, and interest on the Series 2016 Bonds as they become due, in immediately available funds, not fewer than five (5) Business Days before any payment is due. The City has covenanted to pay Rentals at such times and in such amounts as necessary to assure that no default in the payment of principal of, premium, if any, and interest on the Series 2016 Bonds occurs at any time. The City's payment of Rentals and Additional Rentals is subject to annual appropriation by the City. See **"SUMMARY OF CERTAIN PROVISIONS OF THE LEASE PURCHASE AGREEMENT"** in **APPENDIX D** hereto.

If the sum of the balance in the various accounts of the Bond Fund is less than amounts necessary to pay principal of, premium, if any, and interest on the Series 2016 Bonds, the City will pay such deficiency as Rentals. See **"SUMMARY OF CERTAIN PROVISIONS OF THE LEASE PURCHASE AGREEMENT"** in **APPENDIX D** hereto.

For so long as the Series 2016 Bonds are Outstanding, the City is required to pay, subject to annual appropriation, Additional Rentals to various parties, including amounts owed to the Trustee under the Indenture and, for so long as the Series 2016A Bonds are Outstanding, certain payments to the Trustee, as assignee of the Corporation, of amounts that the City is required to deposit into the Series 2016A Debt Service Reserve Account of the Debt Service Reserve Fund to make up any deficiency therein. While the Series 2016B Bonds are Outstanding, the City is required to pay as Additional Rentals the amounts shown on a schedule to the Lease Agreement for deposit into the Principal Reserve Account held under the Indenture. Moneys in the Principal Reserve Account, together with interest earnings thereon, shall be used to pay principal on the Series 2016B Bonds at maturity or upon any earlier optional redemption as may be exercised by the Corporation at the written direction of the City. See **"Principal Reserve Account for Series 2016B Bonds"** below and **"SUMMARY OF CERTAIN PROVISOINS OF THE LEASE PURCHASE AGREEMENT"** in **APPENDIX D** hereto.

THE CITY'S PAYMENT OF RENTALS AND ADDITIONAL RENTALS PURSUANT TO THE LEASE AGREEMENT IS SUBJECT TO ANNUAL APPROPRIATION BY THE CITY. IF THE CITY FAILS TO BUDGET AND APPROPRIATE FUNDS FOR RENTALS AND ADDITIONAL RENTALS IN ANY FISCAL YEAR, THE LEASE AGREEMENT WILL TERMINATE AT THE END OF THE FISCAL YEAR FOR WHICH FUNDS HAVE BEEN APPROPRIATED AND THE CITY WILL BE REQUIRED TO VACATE THE LEASED PROPERTY. THE CORPORATION HAS NO TAXING POWER.

The Lease Agreement

The City owns the Carnahan Courthouse, which is a part of the Leased Property. The City leases the Leased Property to the Corporation pursuant to the Base Lease. Under the Lease Agreement the Corporation leases the Leased Property, including the Carnahan Courthouse, back to the City.

The Lease Agreement, subject to earlier termination pursuant to its provisions, has an original term that commenced as of April 1, 2002, and will terminate as described below under the subheading **"Term of the Lease Agreement."** The Corporation's right, title, and interest in the Lease Agreement (except for certain other rights of Corporation to receive payment and rights to indemnification provided in the Lease Agreement) and in the Leased Property has been assigned to the Trustee as security for payment of the principal of, premium, if any, and interest on the Series 2016 Bonds.

Pursuant to the Lease Agreement, the City has agreed, subject to annual appropriation, to make payments of Rentals to the Trustee, as assignee of the Corporation, corresponding to payments of principal of, premium, if any, and interest on the Series 2016 Bonds as they become due and Additional Rentals to various parties, including certain payments to the Trustee, as assignee of the Corporation, of amounts that the City is required to deposit into the Series 2016A Debt Service Reserve Account of the Debt Service Reserve Fund to make up any deficiency therein, and amounts owed to the Trustee under the Indenture. See also the caption **"Effect of Non-Appropriation"** below.

If the balance in the Bond Fund (not subject to the lien of the Trustee under the Indenture) is less than the sum then required to be on deposit therein in order to pay the principal of, premium, if any, and interest then payable on the Bonds in accordance with the provisions of the Lease Agreement, the City will forthwith pay as Rentals any such deficiency to the Trustee for deposit in the Bond Fund in immediately available funds; provided, that, any amount at any time held by the Trustee in the Bond Fund (not subject to the lien of the Trustee under the Indenture) for the payment of the principal of, premium, if any, and interest on the Bonds shall, at the election of the City, be credited against the Rentals next required to be paid by the City, to the extent such amount is in excess of the amount required for payment of (i) any Bonds theretofore matured or called for redemption plus (ii) past due interest, in all cases where such Bonds or interest checks have not been presented for payment; and provided, further, that if the amount held by the Trustee in the Bond Fund (not subject to the lien of the Trustee under the Indenture) shall be sufficient to pay at the times required the principal of, premium, if any, and interest on all of the Bonds then remaining unpaid, the City shall not be obligated to pay Rentals.

Term of the Lease Agreement

The term of the Lease Agreement commenced as of April 1, 2002, and shall terminate on the earliest of the occurrence of any of the following events: (1) the last day of the then current Fiscal Year of the City during which there occurs an Event of Non-Appropriation with respect to the City; (2) there occurs an Event of Default by the City under the Lease Agreement if the Corporation or the Trustee elects such remedy pursuant to the Lease Agreement; (3) the date upon which all Rentals and Additional Rentals, as the case may be, required under the Lease Agreement shall be paid by the City; or (4) upon the discharge of the Indenture.

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

Series 2016A Debt Service Reserve Account

The Third Supplemental Indenture creates and establishes the Series 2016A Debt Service Reserve Account within the Debt Service Reserve Fund to secure the Series 2016A Bonds under the Indenture. The Series 2016A Debt Service Reserve Account will be funded upon the issuance of the Series 2016A Bonds in an amount equal to the Debt Service Reserve Fund Requirement pursuant to the Indenture. The amount of the Debt Service Reserve Fund Requirement for the Series 2016A Bonds, $1,987,653 (the ***"2016A Debt Service Reserve Fund Requirement"***), is the least of (a) the maximum Annual Debt Service on the Series 2016A Bonds Outstanding on their Dated Date, (b) 10% of the original proceeds of the Series 2016A Bonds or (c) 125% of the average Annual Debt Service requirements on the Series 2016A Bonds at the time of issuance of the Series 2016A Bonds; provided that for purposes of calculating Annual Debt Service, Annual Debt Service for the last annual period shall mean Net Debt Service.

The Series 2016B Bonds are not secured by the 2016A Debt Service Reserve Account, but are secured by the Principal Reserve Account. See "Principal Reserve Account for Series 2016B Bonds" below. The Series 2016C Bonds are not secured by any debt service reserve fund.

So long as the sum on deposit in the Series 2016A Debt Service Reserve Account within the Debt Service Reserve Fund aggregates an amount equal to the 2016A Reserve Requirement, no further deposits to the Series 2016A Debt Service Account are required. If, however, the Trustee is ever required to withdraw funds from the Series 2016A Debt Service Reserve Account to prevent a default and the withdrawal of such funds reduces the amount on deposit in the Series 2016A Debt Service Reserve Account to less than the 2016A Reserve Requirement, the City shall, in accordance with the Lease Agreement, make up such deficiency by making monthly payments of Additional Rentals, commencing on the first day of the calendar month following the date of such withdrawal and continuing on the first day of each month thereafter, in an amount equal to one-twelfth (1/12) of the maximum amount of such deficiency until the amount on deposit in the Series 2016A Debt Service Reserve Account of the Debt Service Reserve Fund again aggregates a sum equal to the 2016A Reserve Requirement.

On a quarterly basis, the Trustee is required to value the Permitted Investments on deposit in the Series 2016A Debt Service Reserve Account at the market value thereof, exclusive of accrued interest. If the amount on deposit in the Series 2016A Debt Service Reserve Account on any such date of evaluation aggregates an amount less than the 2016A Reserve Requirement by reason of the investment valuation (and not by reason of any withdrawal), the City is required to make up such deficiency as Additional Rentals equal to such deficiency no later than the next valuation date.

If the sum on deposit in the Series 2016A Debt Service Reserve Account aggregates an amount equal to or exceeding the 2016A Reserve Requirement on any date of evaluation, such amount in excess of the 2016A Reserve Requirement shall be transferred to the Bond Fund attributable to the Series 2016A Bonds.

While the Corporation has reserved the right to satisfy the 2016A Reserve Requirement with a surety bond or similar liquidity or credit facility in the future, it has no present intention to do so. On the date of issuance and delivery of the Series 2016A Bonds, moneys and securities held in the Debt Service Reserve Fund for the security of the Refunded Bonds up to the amount of the 2016A Reserve Requirement will be transferred to the Series 2016A Debt Service Reserve Account to secure the Series 2016A Bonds and be administered in accordance with the Indenture.

Principal Reserve Account for Series 2016B Bonds

On or before April 15 of each year the City has agreed to pay as Additional Rentals under the Lease Agreement, subject to annual appropriation, the amounts shown on a schedule to the Lease Agreement for deposit into the Principal Reserve Account of the Revenue Fund held under the Indenture. It is the City's intent (absent earlier optional redemption) that such scheduled annual amounts, together with interest earnings thereon, would be sufficient to repay the principal of the Series 2016B Bonds in full at maturity. Moneys on deposit in the Principal Reserve Account, together with interest earnings thereon, shall be transferred by the Trustee to the Series 2016B Bond Account of the Bond Fund on or prior to the maturity date for the Series 2016B Bonds or any earlier optional redemption date for the Series 2016B Bonds as may be exercised by the Corporation at the written direction of the City. See **"SUMMARY OF CERTAIN PROVISIONS OF THE LEASE PURCHASE AGREEMENT"** in **APPENDIX D** hereto.

Appropriation

The funds required to pay the Rentals and Additional Rentals payable by the City under the Lease Agreement are expected to be made from the City's general fund. All amounts required for such payments are subject to annual appropriation. The City has various sources of revenue that are accounted for in the City's general fund, including an earnings tax, ad valorem property taxes, sales and use taxes, gross receipts taxes, license fees, real property taxes, and other revenue sources. The City's earnings tax, which is a significant source of the City's revenues, is subject to voter referendum every five years, with the next voter approval to occur in 2021. See "**BONDHOLDERS' RISKS – Earnings Tax**" herein and **APPENDIX A** hereto under the caption **"GENERAL REVENUE RECEIPTS – Earnings Tax."** See also **APPENDIX A** and **APPENDIX B** hereto for more information about the City's general revenue receipts.

THE CITY IS NOT AND MAY NOT BE LEGALLY OBLIGATED TO APPROPRIATE FUNDS TO PAY RENTALS OR ADDITIONAL RENTALS UNDER THE LEASE AGREEMENT. These tax collections may be expended only by appropriations by the City's Board of Aldermen. It is anticipated that the Board of Aldermen will appropriate in each Fiscal Year, from these tax sources and other funds legally available for such purpose, the amounts required to pay all Rentals and Additional Rentals required by the Lease Agreement. The City has also covenanted under the Lease Agreement that the amount of the request for appropriation for the Fiscal Year in which the Series 2016B Bonds mature shall be for the full maturity value of the Series 2016B Bonds.

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

Effect of Non-Appropriation

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

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

THE CARNAHAN COURTHOUSE

The Leased Property

Pursuant to the Base Lease, the City has leased to the Corporation a leasehold interest in the Leased Property, which consists of the Property, the Carnahan Courthouse and the Improvements. Pursuant to the Lease Agreement, the Corporation has leased the Leased Property back to the City.

The Carnahan Courthouse

The ***"Carnahan Courthouse"*** as used herein means the former federal courthouse building, which is located on the Property, and is leased by the Corporation to the City as a part of the Leased Property under the Lease Agreement. The term "Carnahan Courthouse" includes the acquisition, construction, renovation, equipping and installing of furnishings and equipment thereof, and any Improvements (as defined in the Indenture) thereto, the Property, and any personalty hereafter acquired by the Corporation and leased by the Corporation to the City pursuant to the Lease Agreement, including the Courthouse Improvements to be financed with proceeds of the Series 2016B Bonds.

The Carnahan Courthouse provides (i) office space and facilities for the Twenty-Second Judicial Circuit Court of the State and (ii) office space for the City of St. Louis Sheriff, City of St. Louis Circuit Attorney, City of St. Louis Circuit Clerk, City of St. Louis Public Defender, City of St. Louis Personnel Department, City of St. Louis Internal Audit Department and other City offices. The renovation of the Carnahan Courthouse with the proceeds of the Refunded Bonds consisted of improvements to the roof and mechanical, electrical and safety systems, as well as other systems to allow the building to function in a safe and efficient manner. The Carnahan Courthouse was designed to meet standards established by the City and its various governing codes. The facility also was designed to respond to the aesthetic needs of its prominent location and provides a civic presence appropriate to the institution of City government. A portion of the proceeds of the Series 2016B Bonds will be used to purchase and install the Courthouse Improvements.

BONDHOLDERS' RISKS

General

The Series 2016 Bonds involve certain risks, and the discussion below should be reviewed in evaluating these risks. The Series 2016 Bonds may not be suitable investments for all persons, and prospective purchasers should carefully evaluate the risks and merits of an investment in the Series 2016 Bonds and should confer with their own legal and financial advisors. The following discussion of risk factors is not intended to be exhaustive.

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

Lease Agreement Payments of City Not a General Obligation

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

The obligations of the City under the Lease Agreement are limited to those funds of the City that are specifically budgeted and appropriated annually by the Board of Aldermen of the City for such purpose. The failure to renew the Lease Agreement would mean the loss of occupancy of the Leased Property, including the Carnahan Courthouse, by the City.

The City's obligations under the Lease Agreement may be terminated on an annual basis by the City without any penalty, and there is no assurance that the City will renew the Lease Agreement. Accordingly, whether the City will renew the Lease Agreement throughout the term of the Series 2016 Bonds is dependent upon certain factors that are beyond the control of the City, including the ability of the City to generate sufficient revenue in its general fund to pay its obligations under the Lease Agreement and the other obligations of the City, and then to appropriate such funds for use in meeting its obligations under the Lease Agreement.

No Restrictions on Use of Facility After Default Under Lease Agreement

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

Realization of the Full Value of the Leased Property

If an Event of Non-Appropriation occurs, the Trustee shall give notice to the City to vacate the Leased Property immediately (but in no event earlier than the expiration of the then current Fiscal Year for which the City has paid or appropriated monies sufficient to pay all Rentals and Additional Rentals due for such Fiscal Year) and shall, without any further demand or notice, (i) terminate the Lease Agreement, re-enter the Leased Property, eject all parties in possession thereof therefrom, and sublease the Leased Property or (ii) take any action at law or in equity deemed necessary or desirable to enforce its rights with respect to the Leased Property.

The moneys derived from any such sublease of the Leased Property, along with other moneys then held by the Trustee under provisions of the Indenture (with certain exceptions as provided in the Lease Agreement and the Indenture) are required to be used to redeem Series 2016 Bonds, to the extent moneys are available. No assurance can be given that such moneys would be adequate to redeem the Series 2016 Bonds.

Potential Environmental Risks

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

Certain Matters Relating to Enforceability

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

Moreover, the remedies available upon a default under the Indenture or the Lease Agreement will, in many respects, be dependent upon judicial actions, which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including the United States Bankruptcy Code and State laws concerning the use of assets of certain organizations, the remedies specified in the Indenture and the Lease Agreement may not be readily available or may be limited. The various legal opinions to be delivered in connection with the issuance of the Series 2016 Bonds will be expressly subject to the qualification that the enforceability of the Indenture, the Lease Agreement and other legal documents is limited by bankruptcy, reorganization, insolvency, moratorium, and other similar laws affecting the rights of creditors and by the exercise of judicial discretion in appropriate cases.

Extraordinary Optional and Mandatory Redemption

All Series 2016 Bonds are subject to extraordinary optional redemption upon the occurrence of the following types of events: (i) the Leased Property is condemned, (ii) title to substantially all of the Leased Property is found to be deficient such that it is untenantable or its efficient utilization is impaired; (iii) substantially all of the Leased Property is damaged or destroyed by fire or other casualty; or (iv) certain legal changes occur that cause the Lease Agreement to become void or unenforceable, or impossible of performance under the circumstances. The Series 2016B Bonds are further subject to extraordinary optional redemption if certain "Extraordinary Events" occur, including the elimination of, or the reduction by 40% or more of, the QECB Interest Subsidy Payments. See **"THE SERIES 2016 BONDS – Extraordinary Optional Redemption."**

The Series 2016B Bonds are further subject to extraordinary mandatory redemption if and to the extent any Series 2016B Bond proceeds remain unspent on May 3, 2019. **See "THE SERIES 2016 BONDS – Extraordinary Mandatory Redemption."**

Earnings Tax

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

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

FINANCIAL STATEMENTS

The City's basic audited financial statements for the Fiscal Year ended June 30, 2015, are set forth in **"APPENDIX B – INDEPENDENT AUDITOR'S REPORT AND BASIC FINANCIAL STATEMENTS OF THE CITY OF ST. LOUIS, MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2015."** KPMG LLP, the City's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included in **APPENDIX B** hereto, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this Official Statement.

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

RATING

Standard & Poor's Rating Service (***"S&P"***) has assigned a rating of **"A"** to the Series 2016 Bonds. No application has been made to any other rating agency in order to obtain additional ratings on the Series 2016 Bonds. Such rating reflects only the view of S&P, and any desired explanation of the significance of the rating should be obtained from S&P at the following address: Standard & Poor's Rating Service, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance that a rating will continue for any given period of time or will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2016 Bonds.

LITIGATION

There is not now pending or, to the knowledge of the Corporation or the City, threatened, any litigation seeking to restrain or enjoin or in any way limit the approval or the issuance, execution, and delivery of the Series 2016 Bonds, or questioning or affecting the validity of the Series 2016 Bonds or the proceedings and authority under which they are to be issued or the preparation, execution, and delivery of this Official Statement.

Except as disclosed in this Official Statement, there is no litigation pending or, to the knowledge of the Corporation, threatened, in any manner challenging or threatening the powers of the Corporation, restraining or enjoining the issuance or delivery of the Series 2016 Bonds or questioning or affecting the validity of the Series 2016 Bonds or the proceedings and authority under which they are to be issued.

Except as disclosed in this Official Statement, there is no litigation, proceeding, or investigation pending or, to the knowledge of the City, threatened against the City or its officers or property, except litigation, proceedings, or investigations being defended by or on behalf of the City in which the probable ultimate recoveries and the ultimate costs and expenses of defense, in the opinion of the City Counselor, will not have a material adverse effect on the operations or condition, financial or otherwise, of the City. No litigation, investigation, or proceeding is now pending or, to the knowledge of the City, threatened against the City that would in any manner challenge or adversely affect the corporate existence or powers of the City to enter into and carry out the transactions described in or contemplated by, the execution, delivery, validity, or performance by the City of the Lease Agreement. See **"APPENDIX A – INFORMATION REGARDING THE CITY OF ST. LOUIS, MISSOURI"** for a more detailed discussion.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, issuance, and sale of the Series 2016 Bonds and with regard to the tax-exempt status of the Series 2016A Bonds are subject to the approving legal opinions of Hardwick Law Firm LLC and Spencer Fane LLP, Co-Bond Counsel, whose approving opinions will be delivered with the Series 2016 Bonds. The expected form of the opinions of Co-Bond Counsel is attached as **APPENDIX F** hereto. Certain legal matters will be passed upon for the Corporation and for the City by the Office of the City Counselor. Certain legal matters will be passed upon for the City by Schiff Hardin LLP, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Armstrong Teasdale LLP and Richard G. Hughes & Associates, LLC.

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

TAX MATTERS

Opinion of Co-Bond Counsel

The following is a summary of the material Federal and State of Missouri income tax consequences of holding and disposing of the Series 2016 Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of Federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the Federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2016 Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2016 Bonds in the secondary market at a premium or a discount. Prospective investors are advised to consult their own tax advisors regarding Federal, state, local and other tax considerations of holding and disposing of the Series 2016 Bonds.

Upon the issuance of the Series 2016 Bonds, Hardwick Law Firm, LLC and Spencer Fane LLP, Co-Bond Counsel, will each provide an opinion, expected to be in the proposed form set forth in **APPENDIX F** hereto.

Series 2016A Bonds. The opinions of Co-Bond Counsel with respect to the Series 2016A Bonds shall include an opinion to the effect that, under existing law, interest on the Series 2016A Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax.

The opinions of Co-Bond Counsel with respect to the Series 2016A Bonds will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the Corporation, the City, and the Trustee with certain representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the ***"Code"***). The Code establishes certain requirements that must be met at and subsequent to the issuance of the Series 2016A Bonds in order that interest on the Series 2016A Bonds be and remain excluded from gross income of the owners thereof for federal income tax purposes. Failure to comply with the continuing requirements may cause interest on the Series 2016A Bonds to be included in gross income for federal income tax purposes retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs. In the Tax Compliance Agreement, which will be delivered concurrently with the issuance of the Series 2016A Bonds, the Corporation, the City, and the Trustee will make certain covenants, representations, and certifications designed to ensure compliance with such requirements of the Code. In addition, the Corporation and the City have covenanted in the Lease Agreement to comply with the applicable requirements of the Code in order to maintain the exclusion of interest on the Series 2016A Bonds from gross income for federal income tax purposes. Co-Bond Counsel will not independently verify the accuracy of those representations and certifications.

Federal Income Tax Consequences to Owners of the Series 2016B Bonds and Series 2016C Bonds

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, OWNERS OF THE SERIES 2016B BONDS OR SERIES 2016C BONDS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFICIAL STATEMENT RELATING TO THE SERIES 2016B BONDS OR THE SERIES 2016C BONDS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY OWNERS OF THE SERIES 2016B BONDS OR THE SERIES 2016C BONDS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THOSE OWNERS UNDER THE INTERNAL REVENUE CODE; (B) THE DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFICIAL STATEMENT RELATING TO THE SERIES 2016B BONDS AND THE SERIES 2016C BONDS WAS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THOSE SERIES 2016B BONDS AND SERIES 2016C BONDS; AND (C) OWNERS OF THE SERIES 2016B BONDS AND SERIES 2016C BONDS SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR BASED ON THEIR PARTICULAR CIRCUMSTANCES.

Federal Tax Status of the Series 2016B Bonds; Interest Subsidy Election.

The Corporation and the City will elect to treat the Series 2016B Bonds as qualified "Qualified Energy Conservation Bonds" under Section 54D of the Code and will elect to receive a direct payment from the Treasury equal to a portion of the interest payable on the Series 2016B Bonds.

Interest Taxable on Series 2016B Bonds and Series 2016C Bonds.

The interest on the Series 2016B Bonds and the Series 2016C Bonds will be included in gross income for Federal income tax purposes in accordance with the owner's normal method of accounting.

No Opinion.

Co-Bond Counsel is not rendering any opinion to owners of the Series 2016B Bonds regarding the qualification of the Series 2016B Bonds as Qualified Energy Conservation Bonds – Direct Pay. Purchasers of Series 2016B Bonds should consult their tax advisors as to the applicability of tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2016B Bonds, including the possible application of state, local, foreign and other tax laws.

Original Issue Discount

The initial public offering prices of certain maturities of the Series 2016 Bonds (the ***"OID Bonds"***) are less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Bonds is sold will constitute original issue discount (***"OID"***). The offering prices relating to the yields set forth on the inside front cover page of this Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Bonds are sold. Under existing law, OID on the Series 2016 Bonds accrued and properly allocable to the owners thereof under the Code is not included in gross income for federal income tax purposes if interest on the Series 2016 Bonds is not included in gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond will be added to the owner's basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond. For certain corporations (as defined for federal income tax purposes) that own an OID Bond a portion of the OID that accrues in each year on the OID Bond will be included in the calculation of the corporation's federal alternative minimum tax liability. As a result, ownership of an OID Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of OID Bonds should consult their tax advisors regarding the calculation of accrued OID, the accrual of OID in the case of owners of the OID Bonds purchasing such Series 2016 Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

Original Issue Premium

The initial public offering prices of certain maturities of the Series 2016 Bonds (the ***"OIP Bonds"***) are more than their stated principal amounts. An owner who purchases an OIP Bond must amortize such premium using a constant yield method over the remaining term of OIP Bond, based on the owner's yield to maturity. As bond premium is amortized, the owner's tax basis in such OIP Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or other disposition of the OIP Bond prior to its maturity. No federal income tax deduction is allowed with respect to amortizable bond premium on an OIP Bond. Prospective purchasers of OIP Bonds should consult their tax advisors regarding the amortization of premium and its effect upon basis.

Other Federal Tax Matters

Ownership of the Series 2016 Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions, and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the Series 2016 Bonds.

State Taxes

Co-Bond Counsel are of the opinion that, under existing law and assuming that interest on the Series 2016A Bonds is excluded from gross income for federal income tax purposes under the Code, interest on the Series 2016A Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from Missouri taxable income for purposes of the personal income tax and corporate income tax imposed by the State of Missouri, except for death and gift taxes on transfers. Co-Bond Counsel are also of the opinion that interest on all Series 2016B Bonds and all Series 2016C Bonds is excluded from Missouri taxable income for purposes of the personal income tax and corporate income tax imposed by the State of Missouri, except for death and gift taxes on transfers. Co-Bond Counsel express no opinion as to whether the interest on the Series 2016 Bonds (including any original issue discount properly allocable to an owner thereof) is exempt from the taxes imposed by the State of Missouri on financial institutions under Chapter 148 of the Revised Statutes of Missouri, as amended.

General

The opinions of Co-Bond Counsel are rendered as of their date and Co-Bond Counsel assume no obligation to update or supplement their opinions to reflect any facts or circumstances that may come to their attention or any changes in law or the interpretation thereof that may occur after the date of their opinions.

Federal, state or local legislation, administrative pronouncements, or court decisions may affect the tax-exempt status of interest on the Series 2016A Bonds, gain from the sale or other disposition of the Series 2016A Bonds, the market value of the Series 2016A Bonds, or the marketability of the Series 2016A Bonds, or otherwise prevent the owners of the Series 2016A Bonds from realizing the full current benefit of the exclusion from gross income of the interest thereon. For example, federal legislative proposals have been made recently and in recent years that would, among other things, limit the exclusion from gross income of interest on obligations such as the Series 2016A Bonds for higher-income taxpayers. If enacted into law, such proposals could affect the tax exemption of interest on the Series 2016A Bonds or the market price for, or marketability of, the Series 2016 Bonds. No assurance can be given with respect to the impact of future legislation on the Series 2016 Bonds. Prospective purchasers of the Series 2016 Bonds should consult their own tax and Municipal Advisors regarding such matters.

The discussion above does not purport to address all aspects of federal, state, or local taxation that may be relevant to a particular owner of a Series 2016 Bond. Co-Bond Counsel are not rendering any opinion as to any tax matters other than those described under the caption **"TAX MATTERS."** Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their tax advisors regarding the federal, state, and local tax consequences of owning and disposing of the Series 2016 Bonds.

MUNICIPAL ADVISOR

Public Financial Management, Inc., Philadelphia, Pennsylvania and TKG & Associates LLC, Houston Texas (collectively, the ***"Municipal Advisor"***), have been retained to render certain professional services to the City. The Municipal Advisor has provided advice on the plan of financing and structure of the Series 2016 Bonds and has assisted in the preparation of this Official Statement. The information set forth herein has been obtained from the Corporation, the City and other sources which are believed to be reliable. The Municipal Advisor has not independently verified the factual information contained in this Official Statement, but has relied on the information supplied by the Corporation, the City and other sources who have certified that such information contains no material misstatement of information.

TREASURER'S MUNICIPAL ADVISOR

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

UNDERWRITING

Stern Brothers & Co. and the other underwriters identified on the cover of this Official Statement in connection with the Series 2016A Bonds (collectively, the ***"2016A Underwriters"***) have jointly and severally agreed to purchase the Series 2016A Bonds from the Corporation at an aggregate purchase price of $19,692,120.19, reflecting the par amount of the Series 2016A Bonds of $16,865,000.00, plus original issue premium of $3,011,539.85 and less an underwriting discount of $184,419.66. Pursuant to a Bond Purchase Agreement among the Corporation, the City, and Stern Brothers & Co., as representative of the 2016A Underwriters (the ***"2016A Bond Purchase Agreement"***), the 2016A Underwriters will be obligated to purchase all of the Series 2016A Bonds if any are purchased.

Blaylock Beal Van, LLC and the other underwriters identified on the cover of this Official Statement in connection with the Series 2016B Bonds (collectively, the ***"Energy Bond Underwriters"***) have agreed to purchase the Series 2016B Bonds and Series 2016C Bonds from the Corporation at an aggregate purchase price of $3,968,692.41, reflecting the aggregate par amount of the Series 2016B Bonds and Series 2016C Bonds of $4,040,000.00, less an underwriting discount of $71,307.59. Pursuant to a Bond Purchase Agreement among the Corporation, the City, and Blaylock Beal Van, LLC, as representative of the Energy Bond Underwriters (the ***"Energy Bond Purchase Agreement"***), the Energy Bond Underwriters will be obligated to purchase all of the Series 2016B Bonds and all of the Series 2016C Bonds if any are purchased.

"US Bancorp" is the marketing name of U.S. Bancorp and its subsidiaries, including U.S. Bancorp Investments, Inc. (***"USBII"***), which is serving as one of the 2016A Underwriters.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, acting through its entity the Municipal Products Group. Wells Fargo Bank, National Association, acting through its entity the Municipal Products Group (collectively, "***WFBNA MPG***"), one of the underwriters of the Series 2016 Bonds, has entered into an agreement (the ***"WFBNA MPG Distribution Agreement"***) with its affiliate, Wells Fargo Advisors, LLC ("***WFA***"), for the distribution of certain municipal securities offerings, including the Series 2016 Bonds. Pursuant to the WFBNA MPG Distribution Agreement, WFBNA MPG will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2016 Bonds with WFA. WFBNA MPG also utilizes the distribution capabilities of its affiliate Wells Fargo Securities, LLC ("***WFSLLC***"), for the distribution of municipal securities offerings, including the Series 2016 Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA MPG pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA MPG, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Siebert Brandford Shank & Co., L.L.C. ("***Siebert"***), one of the underwriters of the Series 2016 Bonds, has entered into an agreement (the ***"Siebert Distribution Agreement"***) with Muriel Siebert & Co. (***"Muriel"***) for the retail distribution of certain municipal securities offerings, including the Series 2016 Bonds, at the original issue prices. Pursuant to the Siebert Distribution Agreement, if applicable to the Series 2016 Bonds, Muriel will purchase the Series 2016 Bonds at the original issue price less the selling concession with respect to any Series 2016 Bonds that Muriel Siebert & Co. sells. Siebert will share a portion of its underwriting compensation with Muriel.

The Series 2016 Bonds are being purchased by the respective Underwriters from the Corporation for resale in the normal course of such Underwriters' business activities. All Underwriters reserve the right to offer any of the Series 2016 Bonds to one or more purchasers on such terms and conditions and at such price or prices as the applicable Underwriters determine.

VERIFICATION OF MATHEMATICAL AND ARITHMETICAL CALCULATIONS

The accuracy of the mathematical and arithmetical computations (i) of the adequacy of the maturing principal amounts of the United States Government Obligations, together with the interest income thereon and uninvested cash, if any, to pay when due the principal of and redemption premium, if any, and interest on the Series 2006A Bonds to be refunded; and (ii) relating to the yields related to (i) the United States Government Obligations and (ii) the Series 2016A Bonds, will be verified by Samuel Klein and Company, Certified Public Accountants, Newark, New Jersey. Such verification of arithmetical accuracy and mathematical computations shall be based upon information and assumptions supplied by the Corporation and on interpretations of the Code, provided by Co-Bond Counsel.

CERTAIN RELATIONSHIPS

Hardwick Law Firm LLC, Kansas City, Missouri, is serving as Co-Bond Counsel with respect to the issuance of the Series 2016 Bonds, and also represents the City and certain of the underwriters from time to time on other transactions or matters.

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

Armstrong Teasdale LLP, St. Louis, Missouri, is serving as Co-Underwriters' Counsel with respect to the issuance of the Series 2016 Bonds, and also represents the City, certain of the underwriters, and the Trustee from time to time on other transactions or matters.

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

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

CONTINUING DISCLOSURE

In accordance with the requirements of Securities and Exchange Commission Rule 15c2-12 (the ***"Rule"***), the City and UMB Bank, N.A., as Dissemination Agent, will enter into a Continuing Disclosure Agreement with respect to the Series 2016 Bonds dated as of May 1, 2016, substantially in the form attached as APPENDIX G to this Official Statement (the **"*Continuing Disclosure Agreement*"**). Pursuant to the Continuing Disclosure Agreement, the City will agree to file or cause to be filed on an annual basis on the Electronic Municipal Market Access (**"*EMMA*"**) system established by the Municipal Securities Rulemaking Board, in accordance with the Rule: (i) certain annual information and statistical and operating data in regard to the City, (ii) in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Series 2016 Bonds, and (iii) timely notice of a failure by the City to provide the required annual information on or before the date specified in the Continuing Disclosure Agreement. The Underwriters' obligation to purchase the Series 2016 Bonds is conditioned upon their receiving, at or prior to the delivery of the Series 2016 Bonds, an executed copy of the Continuing Disclosure Agreement.

Compliance by the City with Prior Continuing Disclosure Obligations

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

Supplemental reviews of the City's compliance with its continuing disclosure obligations concluded that the City's annual financial information for Fiscal Year 2014 was filed on time. However, certain of the statistical and operating data for the City's continuing disclosure undertakings with a filing date of 180 days after the end of Fiscal Year 2014, was filed from 3 to 5 days late, and certain other updates to statistical and operating data compiled by calendar year, were filed when they became available and were 24 days late. Information regarding the City's retirement systems, which is required to be updated pursuant to certain of the City's continuing disclosure undertakings, was filed on EMMA from 120 to 151 days late when such information was complete and available.

The City's annual financial information for Fiscal Year 2015 for the City's continuing disclosure undertakings with a due date of 210 days after the end of the City's Fiscal Year, was filed on its due date. However, due in large part to changes in personnel, the City's annual financial information for Fiscal Year 2015 for the City's continuing disclosure undertakings with a filing date of 180 days after the end of the City's Fiscal Year, was filed 30 days late. The unaudited financial statements for a special district for which the City has a continuing disclosure obligation were filed 24 days late. Certain statistical and operating data for certain of the City's continuing disclosure undertakings was filed from 9 to 22 days late, and certain other updates to statistical and operating data compiled by calendar year, were filed when they became available and were 21 days late. Certain other statistical and operating data for Lambert-St. Louis International Airport which is required to be filed for certain of the City's continuing disclosure undertakings for Fiscal Year 2015, which had been previously posted on EMMA, has since been substituted with revised data. Information regarding the City's retirement systems for Fiscal Year 2015, which is required to be updated pursuant to certain of the City's continuing disclosure undertakings, was filed on EMMA from 63 to 120 days late when such information was complete and available. Other than as stated herein, the City is in compliance in all material respects with its continuing disclosure undertakings for the prior five-year period through the date of this Official Statement.

The Corporation.

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

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MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between or among the Corporation, the City, and the purchasers or Holders of any of the Series 2016 Bonds. Any statement made in this Official Statement involving matters of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City, or its agencies and authorities or the Corporation since the date hereof.

This Official Statement, its execution, and its delivery to and distribution by the Underwriters to prospective purchasers of the Series 2016 Bonds, have been approved and authorized by the Corporation and the City.

ST. LOUIS MUNICIPAL FINANCE CORPORATION

By: /s/ Darlene Green
President

THE CITY OF ST. LOUIS, MISSOURI

By: /s/ Francis G. Slay
Mayor

By: /s/ Darlene Green
Comptroller

APPENDIX A

INFORMATION REGARDING THE CITY OF ST. LOUIS, MISSOURI

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

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APPENDIX A

INFORMATION REGARDING THE CITY OF ST. LOUIS, MISSOURI

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

ORGANIZATION AND GOVERNMENT

General

The City is located on the Mississippi River, the eastern boundary of the State of Missouri (the "*State*"), just below its confluence with the Missouri River. The City occupies approximately 61.4 square miles of land, and its area has remained constant since 1876. The City is a constitutional charter city not a part of any county, organized and existing under and pursuant to its Charter, the Constitution and the laws of the State.

The City is popularly known as the "Gateway to the West," due to its central location and historical role in the nation's westward expansion. Commemorating this role is the 630-foot stainless steel Gateway Arch, the nation's tallest man-made monument, which is the focal point of the 86-acre Jefferson National Expansion Memorial located on the downtown riverfront.

Government

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

The Mayor is elected at large for a four-year term and is the chief executive officer of the City. The Mayor appoints most department heads, municipal court judges and various members of the City's boards and commissions. The Mayor possesses the executive powers of the City and those powers are exercised by the boards, commissions, officers and departments of the City under his general supervision and control.

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

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

The Board of Aldermen may adopt bills or ordinances that the Mayor may either approve or veto. Ordinances may be enacted by the Board of Aldermen over the Mayor's veto by a two-thirds vote.

The Board of Estimate and Apportionment is primarily responsible for the finances of the City. The Board of Estimate and Apportionment consists of the Mayor, the Comptroller and the President of the Board of Aldermen. For more detailed information regarding the responsibilities of the Board of Estimate and Apportionment, see "**FINANCIAL MANAGEMENT AND EXPENDITURE CONTROLS - Budget Process**" herein.

Most governmental functions of the City are controlled by the Mayor, the Comptroller, the Board of Estimate and Apportionment and the Board of Aldermen. The Sheriff, City Treasurer, Collector of Revenue, License Collector, Circuit Attorney and Recorder of Deeds of the City are elected independently for four-year terms. Appointments of certain officials, including the members of the Board of Election Commissioners, are made by the Governor of the State.

CITY FUNDED SERVICES AND AGENCIES

General

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

Water

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

Airport

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

Parking Division

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

Fire Protection

The Fire Department of the City of St. Louis (the *"Fire Department"*) provides fire protection and emergency medical services throughout the corporate limits of the City. It also provides fire protection to the Airport. Fire services to the City are provided from 30 fire stations currently staffed by approximately 587 full-time firefighters. An estimated 62 full-time firefighters serve the Airport. In addition to the firefighters, the Fire Department employs approximately 189 emergency medical services and civilian employees. The Fiscal Year 2015 general fund expenditures for the Fire Department were approximately $66.5 million, which included $8.8 million in pension costs.

Police

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

OTHER LOCAL COMMISSIONS AND AGENCIES

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

The Metropolitan St. Louis Sewer District

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

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

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

In June 2012, the voters within MSD approved the issuance by MSD of $945 million in sewer system revenue bonds to enable MSD to comply with federal and State clean water requirements and to finance a portion of the costs of MSD's capital improvement and replacement program.

Metro

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

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

St. Louis Development Corporation

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

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

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

St. Louis Regional Convention and Sports Complex Authority

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

Education

The public school systems within the City are operated under the administration and control of the Transitional School District of the City of St. Louis (the "*School District*") (formerly administered by the St. Louis Public School District) and The Community College District of St. Louis, St. Louis County, Missouri (the "*Community College District*"). Each have elected or appointed officials and have separate budgets and administrators. Both the School District and the Community College District are empowered to levy taxes sufficient to finance the operation of each respective public school system within its jurisdiction. The School District encompasses approximately 61.4 square miles and is located entirely within the corporate limits of the City. The estimated population of the City and therefore the School District was 318,416 as of 2013. The School District is one of the largest public school systems in the State, and operates 79 schools, including 47 elementary, 10 middle, 14 high and 8 special or alternative schools, all with an average daily enrollment of approximately 25,166 students in grades pre-kindergarten through grade 12. The State Board of Education removed the School District's accreditation status on June 15, 2007. Prior to June 15, 2007, the School District was governed by the Board of Education of the City, a seven-member elected board. At the time the School District lost its accreditation, a three-member special administrative board was appointed to act as the governing body of the School District. On October 16, 2012, the State Board of Education voted to change the School District's accreditation status to provisionally accredited, thus restoring the School District's accreditation. On October 23, 2015, the Missouri Department of Elementary and Secondary Education (*"DESE"*) released the Annual Performance Reports (*"APR"*) for districts and individual schools through the Missouri School Improvement Program (*"MSIP"*). Based on the data released by DESE, the School District received 106.5 APR points, eclipsing the 98 points required to qualify for full accreditation. The State Board of Education has the final say on whether the School District will move from provisional accreditation to full accreditation. Currently, the three-member special administrative board continues to act as the governing body of the School District, and will remain the School District's governing body through at least June 30, 2019. The board appoints the Superintendent of Schools, who is the chief administrative officer of the School District and is responsible for carrying out the policies set by the special administrative board. The City is not responsible for the debt, obligations, or expenses of the School District.

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

Solid Waste Management and Development Corporation

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

Library

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

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

ECONOMIC AND DEMOGRAPHIC DATA

Population Statistics

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

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

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

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

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

Industry and Commerce

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

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

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

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

Tourism

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

Downtown St. Louis has more than 7,000 hotel rooms within a mile of the Convention Center. In Fiscal Year 2015, 146 events with a total attendance of approximately 1,107,273 people took place in the Convention Center. (See **"ECONOMIC AND DEMOGRAPHIC DATA - Sports Related Economic Development"** below for a discussion of the relocation of the former St. Louis Rams (the *"Rams"*) to Los Angeles, California.) The St. Louis convention quarter provides accommodations at such premier hotel brands as the Marriott, Four Seasons, Hilton, Embassy Suites, Drury, Holiday Inn and Hyatt. Of the more than 7,000 available guest rooms in downtown St. Louis, 1,750 rooms are new or remodeled and all within steps of the Convention Center. In total, St. Louis offers more than 38,000 hotel rooms in the Metropolitan Area, with a first-class transportation system to easily connect meeting attendees with their destinations.

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

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

The renovation of the Holiday Inn St. Louis Downtown – Convention Center (formerly the Ramada) is right next door to the Convention Center and also underwent a full renovation of all 293 rooms, corridors, lobbies, pool deck, fitness center and front desk. The new sophisticated contemporary décor is a new look for Holiday Inn, which appeals to business travelers and families alike. The redesigned Grand Ballroom and Conference Center offers a transitional mix of crystal chandlers, modern furnishings and classic touches.

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

Transportation

Airport

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

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

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

The Airport's Air Service Marketing Program continues its efforts to attract new service with existing air carriers as well as new airlines. Furthermore, the Airport launched a 2015-2020 Strategic Plan with financial stability a key component of such plan that includes several metrics to ensure financial success: lowering passenger costs, growing non-aeronautical revenues, increasing cargo revenues and generating more revenue from underutilized land assets.

Multimodal Transportation

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

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

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

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

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

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

Employment

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

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

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

City Employment by Industry Group
(Total Non-Farm)

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

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages; Missouri Research and Information Center.
[1] Total does not add to 100% due to rounding.

Employment Rates

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

	February 2016	Average 2015	Average 2014	Average 2013	Average 2012
Labor Force	163,654	163,001	161,200	159,704	160,868
Number Employed	154,673	153,139	148,789	146,133	146,972
% City Unemployed	5.50	6.10	7.70	8.50	8.60
% State Unemployed	5.00	5.0	6.10	6.70	7.00
% U.S. Unemployed	5.20	5.3	6.20	7.40	8.10

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

Major Taxpayers

In calendar year 2014, the most recent year for which information is currently available, taxes totaled approximately $255.2 million, consisting of earnings, payroll and property taxes that were collected and combined in the City's General Revenue Fund. No one company contributed more than 5.7% of the total taxes collected. The top twenty taxpayers contributed $112.9 million.

Building and Construction Data

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

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

Source: City Building Division.

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

Sports Related Economic Development

The City is home to two major professional sports teams, the St. Louis Blues hockey team and the St. Louis Cardinals baseball team (the *"Cardinals"*). Prior to January 12, 2016, the City was also home to the Rams who have relocated to California (see below for more information). The teams contribute to the economy of the Metropolitan Area with ticket sales, dollars spent at concessions and on merchandise, and money spent at local restaurants and hotels. The teams also generate positive national media attention for the City.

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

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

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

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

The City is also a venue for regional sporting events. Hosting ten NCAA Championships in the past decade, the City has generated significant economic impact, brought regional and national exposure and provided a first-class experience for athletes, coaches, fans and media from around the country. The region was the host of four major sporting events in 2012: USA Cross Country Championships in February, NCAA Division I Wrestling Championships in March, NCAA Men's Basketball Midwest Regional in March and USA Gymnastics Visa Championships in June. USA Gymnastics and the United

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

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

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

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

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

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

Development

SLDC, working as a team with the Comptroller's Office, the Mayor's Office, and the St. Louis Board of Aldermen, administers the City's Tax Increment Financing ("*TIF*") program, the Downtown Economic Stimulus Authority, and real estate tax abatement incentive programs. The Planning and Urban Design Agency and the Land Clearance for Redevelopment Authority, together with the Board of Aldermen, developed plans for the revitalization of various areas of the City. SLDC has received from the U.S. Department of Treasury the following allocations of New Markets Tax Credits: $52 million in 2005, $45 million in 2008, $65 million in 2009, $21 million in 2011, $30 million in 2013 and $45 million in 2015.

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

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

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

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

Beyond downtown, there continues to be a resurgence of manufacturing, with new investment and job creation. Proctor and Gamble has completed a $150 million expansion. Henkel Consumer Projects (Dial) has invested $50 million in expanding production. Elantas PDG, Inc., a coating manufacturing firm, is completing a $30 million upgrade. Additional projects include MFR Tire ($4.8

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

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

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

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

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

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

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

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

FINANCIAL MANAGEMENT AND EXPENDITURE CONTROLS

Introduction

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

Accounting and Reporting Practices

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

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

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

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

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

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

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

Enterprise Funds—The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily though user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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

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

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

Budget Process

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

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

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

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

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

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

Except with respect to the general appropriation bill and bills providing for the payment of principal of or interest on debt, no appropriation may be made from any revenue fund in excess of the credit balance of such fund and no appropriation may be made for any purpose to which the money may not lawfully be spent. The Board of Estimate and Apportionment may from time to time appropriate any accruing non-appropriated City revenue. Whenever an appropriation exceeds the amount required for the purpose for which it was made, the excess or any portion or portions thereof may, by ordinance recommended by the Board of Estimate and Apportionment, be appropriated to any other purpose or purposes. All unexpended appropriated money not appropriated by special ordinance for a specific purpose reverts at the end of the then current Fiscal Year to the fund or funds from which the appropriation was made. One half of the operating surplus of the General Revenue Fund is remitted to the Capital Project Fund at the end of each Fiscal Year.

Financing Controls

The City has implemented significant measures to upgrade its financial reporting systems in an effort to bring the financial system in line with the requirements of generally accepted accounting principles. The City's Comprehensive Annual Financial Report for Fiscal Year 2013 was awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association ("*GFOA*"). It was the twenty-sixth consecutive year the City has received the prestigious award. The Certificate of Achievement is awarded to recognize a governmental unit that published an easily readable and efficiently organized comprehensive annual report that meets both generally accepted accounting principles and applicable legal requirements. The GFOA presented an award of Distinguished Presentation to the City's Budget Division for its annual budget for Fiscal Year 2015. The award is given in recognition of a government unit that publishes a budget document that meets program criteria as a policy document, an operations guide and a communicative device.

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

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

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

Cash Management

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

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

General Revenue Fund

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

The Fiscal Year 2016 Annual Operating Plan continues the ongoing effort to allocate the City's resources to maximize the efficacy of programs and services for maintaining the quality of life of its residents, visitors and businesses. In the current Fiscal Year, revenues through the second quarter were tracking closely to budget estimates. Employment based tax receipts such as Earnings Tax and Payroll Tax were on a pace to slightly exceed estimates. Sales taxes which were budgeted to pull back from solid gains in the prior year were down but less than estimated. Meanwhile, Franchise Tax revenue and Departmental Receipts were under performing such that the overall revenue outlook remains close to original projections. Historical trends suggest long term growth between 1% and 2% each year. The ability to meet the rising costs of services and growing infrastructure needs with the limited revenue growth remains a perennial challenge. The City has pursued efforts to reduce operating expenditures and staffing where possible without impacting key City services. Along these lines there has been the successful initiative to reform the City's Firefighter's pension system and in the past year, the incorporation of many of the administrative and support functions of the Police Department into related departments of the City government.

General Revenue Fund revenues for Fiscal Year 2016 are forecast at $492.6 million, an increase of 0.7% over the final revenues of $489.2 for Fiscal Year 2015. Revenue growth projections for most major tax sources are expected to grow collectively by approximately 1.0%. Major revenues, such as the Earnings Tax, are projected to maintain underlying growth of approximately 2.0%. Sales tax receipts, on the other hand, following an unusually strong performance in Fiscal Year 2015, are projected to decline 2.6% in Fiscal Year 2016. Other revenues, such as property tax receipts, are projected to rise 1.5% and Franchise Taxes and Departmental Receipts collectively are projected to increase 2.7%.

Approximately 75% of the Fiscal Year 2016 General Revenue Fund budget is related to salary and benefit costs of employees. Police and Public Safety represent about 55% of the total General Revenue Fund budget. With $156.2 million in operating and pension costs, the Police Department represents approximately 32% of the General Revenue Fund budget and is the largest component of the Public Safety function. The remaining public safety allocation from the General Revenue Fund provides for fire protection, pre-trial inmate housing, emergency medical services and various permitting, inspection and neighborhoods stabilization activities. The General Revenue Fund budget also funds the majority of park and recreation operations at $20.4 million, streets, traffic and refuse collection at $35.2 million and general government and finance operations at $32.5 million. Because the City functions as both a city and a county, the General Revenue Fund also includes appropriations for the 22nd judicial circuit of Missouri and a number of county office functions for $55.2 million. Debt service payments for large projects funded through lease arrangements are included in the General Revenue Fund allocation in the amount of $36.1 million. Lease debt payments in Fiscal Year 2016 include the annual lease payments on the Scottrade Center, the Convention Center and the City Justice Center complex, Capital Leases and the Carnahan Courthouse. The remainder of the General Revenue Fund budget can be categorized as paying for public service engineering services, maintenance and operations of public buildings and fleet services.

General Revenue Fund Expenditures

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

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TABLE I
CITY OF ST. LOUIS
GENERAL REVENUE FUND
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ACCRUAL BASIS - FISCAL YEARS ENDED JUNE 30
(DOLLARS IN THOUSANDS)

	2015	2014	2013	2012	2011
REVENUES					
Taxes	$ 363,392	$ 365,469	$ 344,561	$ 339,818	$ 335,915
Licenses and permits	19,938	19,279	18,358	16,769	16,770
Intergovernmental	25,130	21,948	21,203	21,988	24,592
Charges for services, net	28,880	32,067	35,760	29,632	28,766
Court fines and forfeitures	4,916	10,810	11,022	12,103	10,848
Investment income	209	241	192	138	353
Interfund services provided	858	3,464	5,531	4,293	4,631
Miscellaneous	7,997	8,587	4,799	5,472	4,736
Total revenues	451,320	461,865	441,426	430,213	426,611
EXPENDITURES					
Current:					
General government	47,417	65,926 [1]	45,896 [1]	41,845	41,951
Convention and tourism	126	119	112	123	142
Parks and recreation	18,554	18,777	19,050	18,059	17,111
Judicial	44,799	46,367	47,137	45,916	45,512
Streets	37,480	33,524	32,714	33,185	31,848
Public Safety:	266,734	272,172	259,909	260,143	252,458
Health and welfare	3,355	3,229	10,939	3,005	2,861
Public services	32,054	33,236	22,116	24,942	24,929
Debt service	34,336	32,377	34,828	32,925	42,839
Total expenditures	484,855	505,727	472,701	460,143	459,651
Deficiency of revenues over expenditures	(33,535)	(43,862)	(31,275)	(29,930)	(33,040)
OTHER FINANCING SOURCES (USES)					
Issuance of leasehold revenue (refunding) bonds	21,905	—	—	49,825	3,140
Issuance of certificates of participation	5,195	—	—	—	—
Bond premium on debt issuances	—	—	—	4,038	145
Premium on bond issuances	3,097	—	—	—	—
Bond discount on debt issuances	—	—	—	—	—
Payment to refunded escrow agent	(29,497)	—	—	(53,172)	(2,416)
Advance refunding on TIF bonds and notes payable	—	—	—	—	—
Firemen's Retirement EAN note proceeds	—	—	—	5,278	—
Transfers in	38,954	38,346	40,058	40,573	35,856
Transfers out	(13,191)	(16,680) [2]	(9,995)	(10,090)	(8,314)
Total other financing sources (uses), net	26,463	21,666	30,063	36,452	28,411
Net change in fund balances	(7,072)	(22,196)	(1,212)	6,522	(4,629)
Fund balances:					
Beginning of year	35,725	57,921 [3]	55,870	49,348	53,977
End of year	$ 28,653	$ 35,725 [1]	$ 54,658 [1]	$ 55,870	$ 49,348

[1] Liabilities associated with worker's compensation claims of the Police Department due to local control are now realized in the self insurance internal service fund. This resulted in a one time advance posted to general government expenditures as a funding source for the liability in the amount of $19.1 million.

[2] In Fiscal Year 2014, a larger portion of General Fund sources was committed to pay the debt expense realized in the capital fund.

[3] Includes cumulative effect of change in accounting principles.

Source: Audited Financial Statements

Table II shows a General Revenue Fund summary of operations on a budgetary (cash) basis for Fiscal Years 2013 through 2015:

TABLE II
City of St. Louis, Missouri
General Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Cash Basis - Year ended June 30
(dollars in thousands)

	2015	2014	2013
REVENUES			
Taxes	$ 373,782	$ 360,702	$ 354,046
Licenses and permits	19,662	19,035	17,901
Intergovernmental	18,339	15,605	16,881
Charges for services, net	32,809	32,842	32,347
Court fines and forfeitures	3,950	8,688	10,896
Investment income	9	20	28
Miscellaneous	3,293	3,263	3,570
Total revenues	451,844	440,155	435,669
EXPENDITURES			
Current:			
General government	46,550	44,042	46,769
Convention and tourism	127	119	114
Parks and recreation	18,725	18,892	19,107
Judicial	44,904	44,425	44,826
Streets	37,461	33,390	33,088
Public Safety	114,410	120,019	117,149
Police	151,984	147,954	141,795
Health and welfare	3,347	3,244	3,160
Public services	30,453	29,362	21,252
Debt service	28,202	26,250	27,969
Total expenditures	476,163	467,697	455,229
Deficiency of revenues over expenditures	(24,319)	(27,542)	(19,560)
OTHER FINANCING SOURCES (USES)			
Transfers in	37,327	36,510	35,708
Transfers out	(12,921)	(16,293)	(11,420)
Total other financing sources (uses), net	24,406	20,217	24,288
Net change in fund balances	87	(7,325)	4,728
Fund balances:			
Beginning of year	8,254	15,579	10,851
End of year	8,341	8,254	15,579
Reserves	19,829	18,853	17,941
Cash Balance	28,170	$ 27,107	$ 33,520

[1]Transfers include transfers to and from reserves.

Source: City Comptroller's Office

Pension Reform

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

GENERAL REVENUE RECEIPTS

General Revenue Fund Receipts by Category

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

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

Source: City Comptroller's Office.

Earnings Tax

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

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

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

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

Source: City Comptroller's Office.

Payroll Taxes

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

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

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

Source: City Comptroller's Office.

Franchise Tax

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

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

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

Source: City Comptroller's Office.

Sales and Use Tax

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

On April 2, 2013, the City's voters approved the addition of three sixteenths of one cent to the tenth of one cent sales tax earmarked for GRG. The three sixteenths of one cent tax collected is divided and distributed 60% to GRG for the Gateway Arch grounds and other regional park and trail improvements and 40% to the City for park improvements. The additional tax took effect October 1, 2013.

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

In January 2012, the Missouri Supreme Court decided, in the case of *Street v. Missouri Department of Revenue,* that the State could not impose local sales or use taxes on out-of-state purchases of motor vehicles, trailers and boats. In the decision, the court acknowledged that municipalities did have authority to impose their local use taxes on such purchases. The City does have such a local use tax. In the session, completed May 18, 2012, the Missouri Legislature approved legislation which reinstated cities' abilities to impose sales taxes on out-of-state purchases of these items. In light of the *Street* decision and the aforementioned legislation, the City has not experienced, and does not expect to experience, any interruption in revenues from these sources.

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

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

Source: City Comptroller's Office.

Gross Receipts Tax

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

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

Source: City Comptroller's Office.

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

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

Motor Vehicle Sales Tax

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

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

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

Source: City Comptroller's Office.

Real and Personal Property Taxes

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

	Real Property[1]		Personal Property			
Assessed Year	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Manufacturers' Inventory[2] Assessed Value	Total Assessed Value
2011	$3,420,452,617	$14,728,500,868	$728,178,864	$2,186,723,315	$261,517,759	$4,410,149,240
2012	3,403,588,629	14,702,310,700	759,781,857	2,281,627,198	253,543,766	4,416,914,252
2013	3,223,496,948	13,756,556,711	753,790,304	2,263,634,547	255,594,948	4,232,882,200
2014	3,236,703,509	13,833,773,410	810,313,469	2,433,373,781	255,068,130	4,302,085,108
2015	3,294,638,871	14,118,593,655	834,404,511	2,503,213,783	243,122,173	4,372,165,555

[1]Source: Missouri State Tax Commission Annual Report
[2]Source: City License Collector's Office.

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

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

Source: City Assessor's Office.

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

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

Source: Collector of Revenue.

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

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

Source: City Comptroller's Office.

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

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

Source: City Assessor's Office.

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

Other Taxes

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

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

Source: City Comptroller's Office.

License Fees

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

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

Source: City Comptroller's Office.

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

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Departmental Receipts

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

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

Source: City Comptroller's Office.

Operating Transfers

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

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

Fiscal Year	Operating Transfers[1]
2011	$33,093,370
2012	33,409,382
2013	35,708,194
2014	36,510,334
2015	37,327,476

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

The Hancock Amendment

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

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

INSURANCE

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

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

Source: City Counselor's Office.

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

DEBT OF THE CITY

General

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

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

Tax Increment Financing Projects

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

Four projects have been financed with Industrial Development Authority TIF Revenue Bonds, namely, Edison Brothers for $5.6 million issued on January 29, 2000, MLK Development for $2.7 million issued on March 18, 2002, Southtown for $6.4 million issued on September 14, 2006, and Loughborough for $18.43 million issued on November 26, 2007. On March 11, 2015, the Industrial Development Authority issued $5,050,000 Tax Increment Refunding Revenue Bonds, Series 2015 (Southtown Redevelopment Project) (the "Southtown Refunding Bonds") to refund all outstanding Southtown TIF Revenue Bonds issued in 2006. As of March 31, 2016, the outstanding balances on the TIF Revenue Bonds were $1,695,000 for Edison Brothers, $1,300,000 for MLK Development, $4,730,000 for the Southtown Refunding Bonds, and $12,340,000 for Loughborough. In addition, the Old Post Office Square TIF project was financed "pay as you go." It will receive TIF revenue based on actual tax increments generated over the life of its redevelopment agreement. The Argyle TIF also has a "pay as you go" component, using funds not needed to cover the parking bond commitment for neighborhood improvements. Upon completion of the Emerging Technologies TIF, a "pay as you go" component took effect funding projects up to $515,000.

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

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

Missouri Downtown and Rural Economic Stimulus

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

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

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

TIF #	Description	Original Issue	Outstanding Balance as of March 31, 2016
6	Chouteau-Compton	$3,600,000	$2,258,000
8	Edison Brothers	5,600,000	1,695,000
12	3800 Park	390,000	382,703
13	Gravois Plaza	4,049,000	2,768,000
14	Lafayette Square	3,350,000	1,427,000
17	4200 Laclede	925,400	736,400
18	MLK	2,680,000	1,300,000
19	Tech Electronics	900,000	900,000
20	1505 Missouri	659,540	654,540
21	Grand Center	27,132,940	23,102,940
22	Walter Knoll Florist	1,036,000	979,760
23	Louderman Building	2,444,400	1,992,103
24	920 Olive St.	2,667,732	2,667,732
25	Grace Lofts	1,715,725	1,490,725
26	Paul Brown Building	3,264,200	3,183,200
27	1141-1151 S. 7th Street	1,131,600	660,600
28	Terra Cotta	3,520,000	3,505,000
29	1312 Washington	419,000	206,000
30	Southtown Centre	7,383,998	6,026,923
31	2500 South 18th St.	524,000	510,000
32	Soulard Market Apt.	4,400,000	4,400,000
33	Printers Lofts	4,410,000	4,410,000
34	City Hospital	3,672,000	2,633,000
35	Fashion Square Lofts	4,105,000	3,085,600
36	1601 Washington	3,365,000	3,288,000
37	1619 Washington	1,930,000	1,879,000
38	Highlands at Forest Park	2,412,000	1,340,000
39	Security Building	3,345,000	3,043,000
40	Catlin Townhomes	432,000	266,000
41	Shenandoah Place	254,700	213,699
42	1133 Washington	1,133,500	813,000
43	Maryland Plaza South	4,133,176	3,881,176
44	410 N. Jefferson	1,735,000	1,664,000
45	Barton Street Lofts	390,500	121,000
46	Warehouse of Fixtures	6,348,500	5,785,000
47	Maryland Plaza North	1,061,418	410,342
48	Marquette Building	4,500,000	4,311,000
49	Gaslight Square East	1,770,000	1,129,000
50	1136 Washington	3,525,000	3,255,000
51	Washington East Condo	7,997,521	7,459,521
55	1300 Convention Plaza	941,525	899,000
56	Mississippi Place	863,100	736,000
57	Loughborough Commons	18,430,000	12,340,000
58	5700 Arsenal	1,370,000	488,000
59	Adler Lofts	939,151	758,151
60	Dogtown Walk II	434,500	392,000
61	East Bank	1,456,825	1,456,825
62	2300 Locust	1,544,046	1,503,088
63	Pet Building	3,162,500	3,008,500

65	Moon Brothers Carriage Lofts	1,490,000	1,481,000
67	1635 Washington	2,361,500	1,780,000
68	3949 Lindell	3,027,500	2,668,000
69	Ely Walker Lofts	6,017,600	5,478,000
70	West Town Lofts	2,456,500	2,205,000
71	Southside National Bank Building	1,447,600	1,352,056
72	Packard Lofts	1,329,500	1,116,000
73	Bee Hat Lofts	1,407,329	1,169,000
76	Delmar East Loop	3,000,000	2,421,000
77	6175-81 Delmar	2,140,300	1,611,000
79	Syndicate Trust Building	8,329,200	7,888,766
80	Ludwig Lofts	1,080,000	1,080,000
82	Union Club	1,933,500	1,900,000
83	Park Pacific	20,538,000	19,946,000
84	2200 Gravois	1,040,000	1,000,000
87	4100 Forest Park II	6,116,000	6,046,000
88	Grand/Cozens/Evans	1,650,000	1,461,000
89	Ballpark Lofts	8,122,000	7,515,000
90	GEW Lofts	3,260,000	3,004,000
91	1818 Washington-Tudor	2,451,400	2,179,000
92	Ballpark Village	18,550,000	18,550,000
95	The Foundry	450,500	434,500
101	Leather Trade Building	2,885,500	2,885,500
102	City Hospital RPA 3	10,033,500	9,845,000
106	1910 Locust	1,430,000	1,327,000
112	1001 Locust	2,112,500	2,013,000
113	South Carondelet #1	2,550,924	2,461,924
114	South Carondelet #2	146,500	143,500
116	City Hospital RPA #2	7,278,500	7,100,000
118	South Carondelet #4	312,144	305,144
119	Magnolia Thurman	442,900	365,000
121	4900 Manchester	1,370,500	1,229,000
122	3693 Forest Park	1,364,500	1,300,000
123	374 South Grand	4,665,500	3,863,000
124	Midtown Lofts	744,390	555,000
125	REO Lofts	642,890	554,000
128	1225 Washington	6,425,000	6,300,000
129	Laurel	19,875,000	18,970,000
130	Chouteau Crossing	1,946,000	1,930,183
132	Ford Building	943,000	826,000
134	Taylor Carrie	4,078,800	4,029,000
137	Railway Exchange Building	9,318,920	9,268,920
139	1111 Olive	2,396,000	2,392,000
141	141 North Broadway Carre	3,545,000	3,259,000
142	1549-1601 S Jefferson RPA1	1,739,000	1,700,000
144	2727 Washington	489,500	483,500
148	St. Louis Innovation RPA 1A	2,930,404	2,930,404
149	St. Louis Innovation RPA 1A(II)	22,000,000	22,000,000
148	St. Louis Innovation RPA 1B	12,705,722	12,705,722
150	St. Louis Innovation RPA 7	35,000,000	35,000,000
	TOTAL	$421,027,019	$379,439,947

Short Term Borrowing

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

Fiscal Year	**TRANs Issued During Fiscal Year**	**As a Percent of General Revenue Fund Revenues[1]**
2011	$65,000,000	14.35%
2012	70,000,000	15.29
2013	65,000,000	13.79
2014	65,000,000	13.64
2015	65,000,000	13.29

[1] The percentage is based on cash, rather than modified accrual revenues. Revenue also includes transfers from other funds.
Source: City Comptroller's Office.

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Outstanding Debt

The following table sets forth the outstanding principal amount of all bonds and other long-term debt, other than TIF and MODESA obligations, issued by the City that are outstanding as of March 31, 2016:

Description	As of March 31, 2016	Term O/S	Footnote #
General Obligation Bonds	$ 16,795,000	10	1
Section 108 Loan Guarantee:			
Convention Center Hotel	$ 19,730,000	5	3
Darst Webbe	7,180,000	5	4
Total Section 108 Loan Guarantee	$ 26,910,000		
MTFC Multimodal Direct Loan	$ 1,053,036	2	6
Capital Lease- Rolling Stock	$ 15,253,405	5	7
Kiel Certificates of Participation	$ 4,490,000	6	1
Obligations with component units:			
Convention Center Hotel Capital Lease	$28,427,134	4	1
Recovery Zone Facility Special Obligation Redevelopment Bonds 2010 (One City Centre)	16,024,979	24	1
	$ 44,452,113		
Loan agreement with Forest Park Forever	$ 3,095,000	27	8
Leasehold revenue improvement and refunding bonds:			
CABS 2005	44,997,891	15	1
Convention Center Capital Improvement Projects & Infra Series 2009 A&B	31,016,922	23	1
Convention Center Refunding & Capital Improvement Project Series 2010	24,736,396	22	
Convention Center Refunding & Capital Improvement Project Series 2015	23,720,000	15	1
Justice Center Leasehold Revenue Bonds Series 2005	6,765,000	4	1
Justice Center Leasehold Revenue Ref Bonds Series 2011	18,060,000	3	1
Forest Park Revenue 2015	6,810,000	6	1

Carnahan Courthouse Leasehold			
Revenue Refunding Series 2006A	19,360,000	11	1
1520 Market Series 2016A	6,670,000	9	1
Recreation Sales Tax Series 2007	42,225,000	22	1
Pension Funding Project Series 2007	128,455,000	22	1
Police Capital Projects Series 2007	21,510,000	21	1
Public Safety Sales Tax Pension	8,430,000		
Funding 2008		4	1
Juvenile Detention 2008	22,010,000	23	1
City Parks Series 2014	25,060,000	28	1
	$ 429,826,209		
Joint venture financing agreement:			
Convention & Sports			
Facility Project and Refunding Bonds			
Series C 2007			
(includes Preservation Payments)	$ 28,845,675	6	1
DNR loan program with Water	$3,209,760		5
Enterprise Revenue Bonds/Loan Programs			
Airport	686,225,000	23	1,2
Parking Division	70,737,667	20	1
Governmental Funds	$756,962,667		
Total Debt	$1,330,892,865		

1) See Official Statement for the Bonds for more information.

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

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

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

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

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

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

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

Direct and Overlapping Debt

The direct and overlapping general obligation debt of the City as of March 31, 2016 is set forth below (these figures do not include lease agreements):

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

Source: City Comptroller's Office.

Debt Ratios

The following table sets forth the City's direct and overlapping general obligation debt ratios as of March 31, 2016 (these figures do not include lease agreements):

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

[1] Based on Population from U.S. Census, 2010 (319,294).
Source: City Comptroller's Office.

Legal Debt Margin

The following table sets forth the City's Legal Debt Margin as of March 31, 2016:

	City Purposes Basic Limit	Streets and Sewers Additional Limit
Assessed Value for Calendar Year 2015	$ 4,273,669,654	$ 4,273,669,654
Authorized Debt Limit 10% of Assessed Value	$ 427,366,965	$ 427,366,965
Less General Obligation Bonds	16,795,000	-
Legal Debt Margin	$ 410,571,965	$427,366,965

Source: City Comptroller's Office.

EMPLOYEES AND EMPLOYEE RELATIONS

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

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

RETIREMENT SYSTEMS

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

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

a. <u>Firemen's Retirement System of St. Louis (Firemen's System or FRS)</u>

1) <u>System Description (FRS)</u>

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

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

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

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

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

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

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

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

An agreement between the City and Firemen's System was reached regarding the recognition of City contributions under Ordinance No. 69353. The City made contributions to Firemen's System from February 1, 2013, to September 30, 2013.The contributions made for this period recognize the impact of Ordinance No. 69353, certain excess Firefighter's Plan City contributions were transferred from Firemen's System to Firefighter's Plan in the amount of $6,883 equal to the Firefighter's Plan City required contribution for the period February 1, 2013, to

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

The Firemen's System, in accordance with Ordinance No. 62994, initiated during the Firemen's System's fiscal year ended August 31, 1994, the Deferred Retirement Option Plan (*"FDROP"*). The FDROP plan is available to members of the system who have achieved at least 20 years of creditable service and have eligibility for retirement. Those members who elect to participate will continue active employment, will have a service retirement allowance credited monthly into the FDROP account of the member, and the member's contribution will be reduced to 1% from the normal 8%. During participation in the FDROP plan, the member will not receive credit for employer contributions or credit for service. A member may participate in the FDROP only once for any period up to five years. At retirement, the funds in the member's FDROP account plus interest and accrued sick leave, if elected, is available to the member in a lump sum or in installments.

2) Funding Policy (FRS)

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

3) Net Pension Liability (FRS)

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

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

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

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

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

1) System Description (FRP)

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

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

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

The Firefighter's Plan provides retirement benefits as well as death and disability benefits. Grandfathered Participants are those who were employed prior to February 1, 2013. Members can voluntarily retire after a minimum of 20 years of service and upon reaching the normal retirement age of 55. A member who has 20 years of service but has not yet reached the age of 55 may elect an early retirement with the normal retirement benefit deferred until reaching the age of 55. In lieu of a deferred retirement benefit, the member may elect to receive his/her retirement benefit beginning on his/her early retirement date or on the first day of any month thereafter prior to reaching age 55 with such benefit actuarially reduced from age 55. A member hired on or after the effective date of February 1, 2013 who terminates employment after completing 10 years of service, but before completing 20 years of service, is eligible for a full unreduced pension beginning at age 62. Such a member may elect to receive a refund of his/her contributions, plus interest, in lieu of a pension benefit.

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

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

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

2) <u>Funding Policy (FRP)</u>

A grandfathered member with at least 20 years of service as of February 1, 2013, contribute 8% of their salary, after-tax. All other members contribute 9% of their salary, pre-tax. The City is required to contribute the remaining amounts necessary to fund Firefighter's Plan. All members who terminate employment before becoming eligible to receive a retirement benefit will receive a refund of all contributions plus interest. Members hired after February 1, 2013 who terminate employment before reaching age 55 and elect a refund of contributions in lieu of a pension benefit will also receive a refund of their contributions plus interest, as will Grandfathered Participants who terminate employment before completing 20 years of service. Contributions to the Firefighter's Plan made on or after the inception of the Firefighter's Plan are not refundable to a member who receives a service retirement benefit, ordinary disability benefit, or a service connected disability benefit, except that contributions to the Firefighter's Plan by a grandfathered member with at least 20 years of service as of inception who receives a service retirement benefit are refundable without interest.

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

3) Net Pension Liability (FRP)

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

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

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

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

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

1) System Description (PRS)

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

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

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

2) Funding Policy (PRS)

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

3) Net Pension Liability (PRS)

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

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

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

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

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

1) System Description (ERS)

All non-uniformed employees of the City and certain other public entities funded by or providing services to residents of the City become members of the Employees' System upon employment, with the exception of employees hired after attaining age 60.

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

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

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

2) Funding Policy (ERS)

The Employees' System's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits due. If contributions are necessary, level percentage of payroll employer contribution rates are determined using the projected unit credit actuarial cost method. Employer contribution rates are established annually by the Board of Trustees of the Employees' System based on an actuarial study. The Board of Trustees established the required employer contributions rate based on active member payroll of 13.86% effective July 1, 2015, and 15.17% of active member payroll effective July 1, 2014.

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

3) Net Pension Liability (ERS)

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

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

Date of actuarial valuation	October 1, 2015
Actuarial cost method	Entry age normal
Amortization method	Layered 20-year amortization of unfunded liability
Asset valuation method	5-year smoothed
Inflation	3.0%
Discount rate	8.00%

Projected salary increases	varies by age, ranging from 3.00% to 4.25%
Mortality(Healthy)	RP-2000 Healthy Mortality 3-year set-forward with generational projections using scale AA
Mortality(Disabled)	RP-2000 Disabled Mortality 3-year set-forward with generational projections using scale AA

Actuarial Methods and Assumptions

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

LITIGATION

General

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

Specific

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

In 2012, a lawsuit styled *David Bonenberger v. St. Louis Metropolitan Police Department, et al.,* was filed in federal court in the Eastern District of Missouri by Mr. Bonenberger, a police officer alleging discrimination based on his race (Caucasian) in connection with his failure to be granted a transfer that he requested. On August 21, 2013, the jury awarded Mr. Bonenberger \$200,000 actual damages and \$420,000 punitive damages against the Board of

Police Commissioners, a state agency, and three individuals, based on actions taken before the State turned over control of the police department to the City in September 2013. Subsequent to the verdict, the Court awarded Mr. Bonenberger $172,654 in attorneys' fees and costs. The judgments were appealed to the Eighth Circuit and in January 2016 were upheld. The judgments will not be appealed further. In addition to $792,654, post judgment interest will also be owed and the City anticipates that additional attorneys' fees for the appeal (estimated to be between $20,000 and $30,000) will be assessed against the defendants. The State is responsible for paying up to one half of the costs of such verdict up to a Fiscal Year total of $1 million. The City believes that it has adequate reserves in its self-insurance program to cover its exposure on this matter.

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

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APPENDIX B

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

NOTE

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

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

Independent Auditors' Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

KPMG

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2016 on our consideration of the City of St. Louis, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of St. Louis, Missouri's internal control over financial reporting and compliance.

KPMG LLP

St. Louis, Missouri
January 26, 2016

As management of City of St. Louis, Missouri (the City), we offer readers of the City's Comprehensive Annual Financial Report this narrative overview and analysis of the City for the fiscal year ended June 30, 2015. The information presented here should be read in conjunction with our letter of transmittal and the City's basic financial statements including the notes to the financial statements. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS (excluding discretely presented component units)

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

2. *Proprietary Funds*. Proprietary funds offer short-term and long-term financial information about services for which the City charges customers, both external customers and internal departments of the City. The City maintains the following two types of proprietary funds:

   - *Enterprise Funds* are used to report information similar to business-type activities in the government-wide financial statements. The City uses the enterprise funds to account for the operations of the Lambert-St. Louis International Airport (Airport), Water Division, and the Parking Division.

   - *Internal Service Funds* are used to report activities that provide supplies and services for certain City programs and activities. The City uses internal service funds to account for its mail handling services, for payment of workers' compensation and various other claims, health insurance, and equipment service.

3. *Fiduciary Funds*. Fiduciary funds are used to account for resources held for the benefit of individuals or units outside of the City. The City is the trustee or fiduciary responsible for assets that can be used only for the trust beneficiaries per trust arrangements. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The City's pension trust funds and agency funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements.

Notes to the Financial Statements

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

Required Supplementary Information

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

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

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

ANALYSIS OF NET POSITION

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

The largest portion of the City's net position consists of its net investment in capital assets (for example, infrastructure, land, buildings, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

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

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

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

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

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

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

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

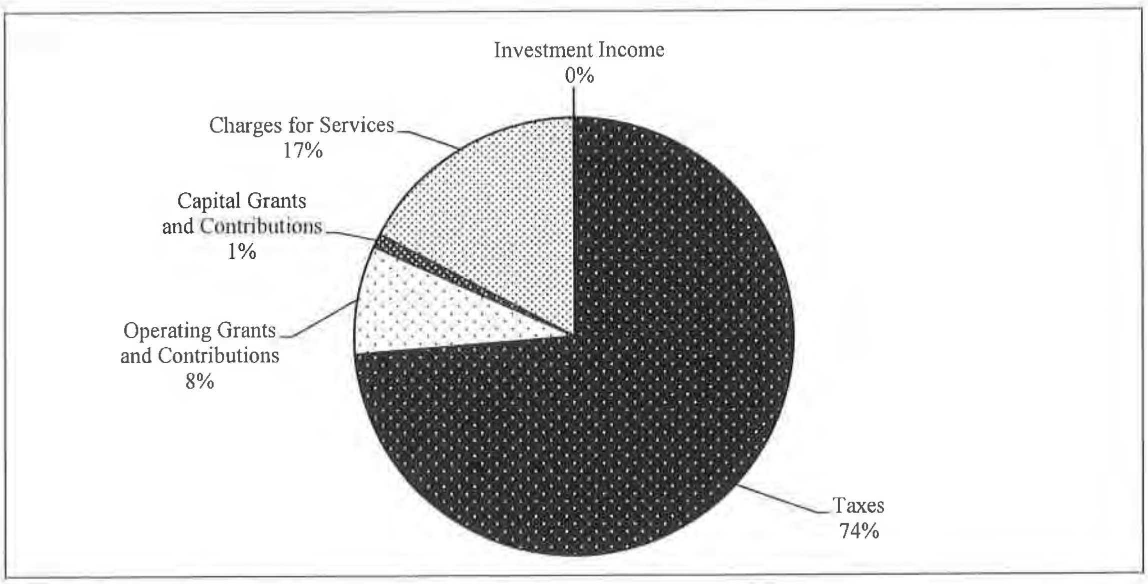
Changes in net position. The City's total revenue on a government-wide basis was $1,021.5 million, an increase of $4.0 million over the previous year. Taxes represent 54.7% of the City's revenue as compared with 54.9% last year. Additionally, 35.8% comes from fees charged for services, as compared to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

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

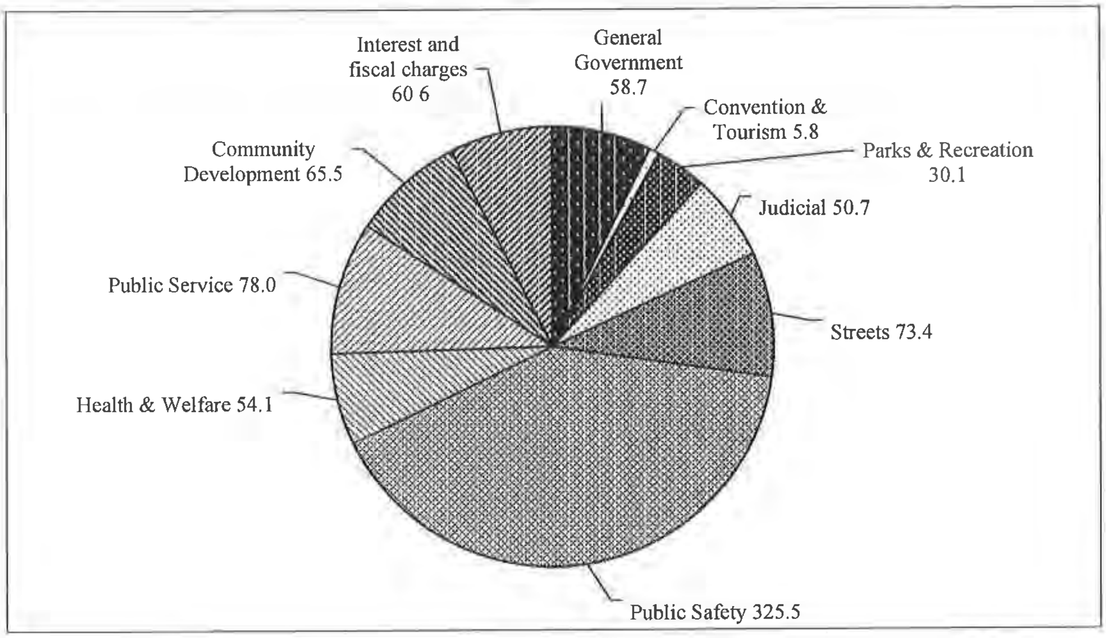
The cumulative effect of change in accounting principle in the government–wide due to implementation of GASB 68, reduced the beginning balance by $311.8 million.

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

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

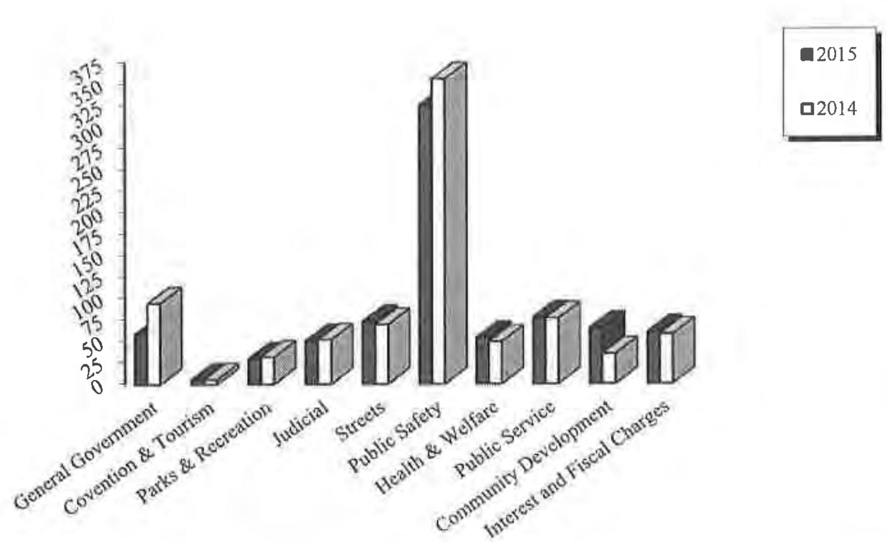


The following chart illustrates the City's governmental activities expenses by program. Total cost of governmental activities was $802.4 million, an decrease of $26.4 million or 3.2% over the prior year. As shown, public safety is the largest function in expense (40.6%). The majority of the spending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

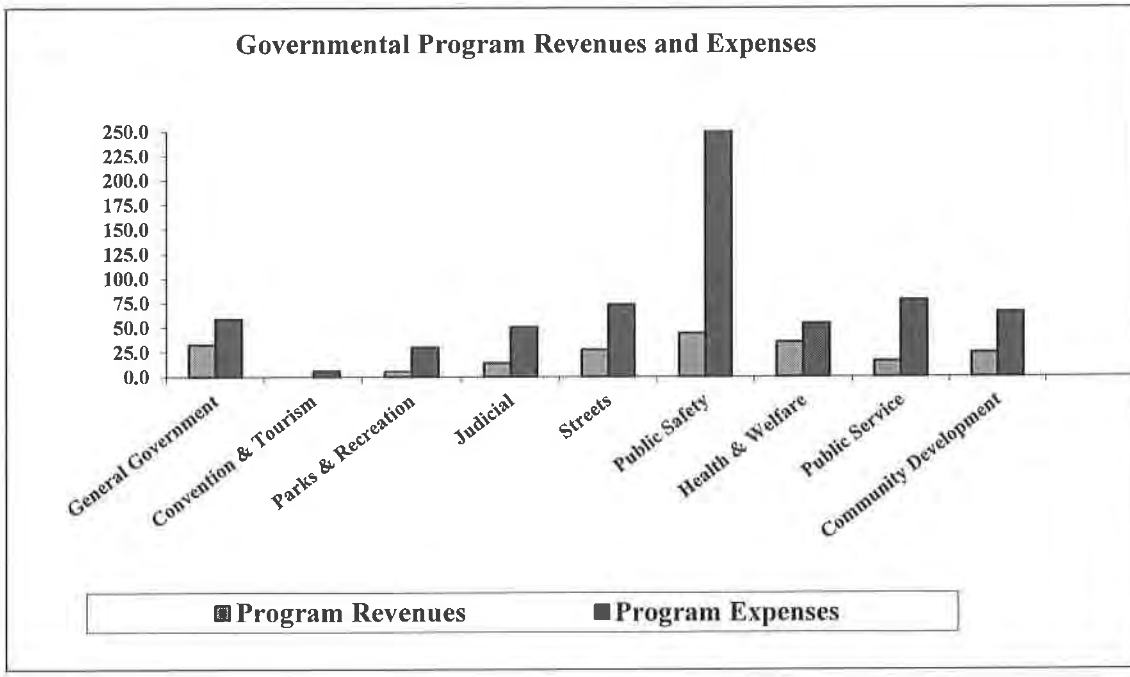


The following chart is a comparison of expense of governmental activities for fiscal years ended 2015 and 2014.

Governmental Activities Program Expenses



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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

Fiduciary Funds

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

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

General Fund Budgetary Highlights

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

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

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

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

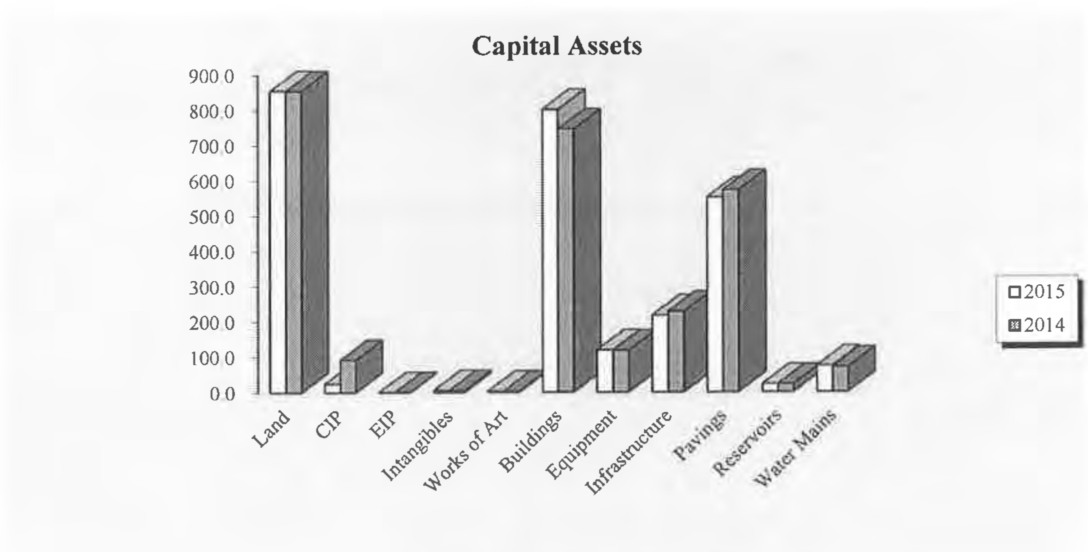
CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

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

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



For government-wide financial presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Governmental fund financial statements record capital asset purchases as expenditures.

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

Long-Term Debt

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

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

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

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

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

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

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

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

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

Economic Factors and Next Year's Budget

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

Requests for Information

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

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

THE COMMON SEAL OF THE CITY OF ST. LOUIS.

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

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

See accompanying notes to basic financial statements.

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

		Program revenues			Net (expense) revenue and changes in net position				
					Primary government			Component units	
Functions/Programs	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total	SLDC	SWMDC
Primary government:									
Governmental activities:									
General government	$ 58,679	32,455	112	—	(26,112)	—	(26,112)	—	—
Convention and tourism	5,775	—	—	—	(5,775)	—	(5,775)	—	—
Parks and recreation	30,111	4,611	673	—	(24,827)	—	(24,827)	—	—
Judicial	50,730	12,042	2,074	—	(36,614)	—	(36,614)	—	—
Streets	73,452	26,898	(3)	630	(45,927)	—	(45,927)	—	—
Public safety:									
Fire	64,658	12,562	713	—	(51,383)	—	(51,383)	—	—
Police	202,080	6,228	2,846	—	(193,006)	—	(193,006)	—	—
Other	58,714	21,376	1,830	(1,485)	(36,993)	—	(36,993)	—	—
Health and welfare	54,071	875	34,258	—	(18,938)	—	(18,938)	—	—
Public service	78,021	6,974	16	8,629	(62,402)	—	(62,402)	—	—
Community development	65,499	5,907	18,273	213	(41,106)	—	(41,106)	—	—
Interest and fiscal charges	60,580	—	—	—	(60,580)	—	(60,580)	—	—
Total governmental activities	802,370	129,928	60,792	7,987	(603,663)	—	(603,663)	—	—
Business-type activities:									
Airport	160,233	164,745	1,277	23,284	—	29,073	29,073	—	—
Water Division	46,799	54,399	—	343	—	7,943	7,943	—	—
Parking Division	13,851	16,129	—	—	—	2,278	2,278	—	—
Total business-type activities	220,883	235,273	1,277	23,627	—	39,294	39,294	—	—
Total primary government	$ 1,023,253	365,201	62,069	31,614	(603,663)	39,294	(564,369)	—	—
Component units:									
SLDC	$ 34,796	8,906	23,464	—	—	—	—	(2,425)	—
SWMDC	988	150	—	636	—	—	—	—	(202)
Total component units	$ 35,784	9,056	23,464	636	—	—	—	(2,425)	(202)
General revenues:									
Taxes:									
Property taxes, levied for general purpose					$ 77,365	—	77,365	—	—
Property taxes, levied for debt service					6,406	—	6,406	—	—
Sales taxes					175,581	—	175,581	—	—
Earnings/payroll taxes					203,251	—	203,251	—	—
Gross receipts taxes (includes franchise tax)					92,160	—	92,160	—	—
Miscellaneous taxes					4,485	—	4,485	—	—
Unrestricted investment earnings					381	2,956	3,337	107	1
Extraordinary item - Natural disaster					—	1,737	1,737	—	—
Transfers					9,619	(9,619)	—	—	—
Total general revenues, extraordinary items, and transfers					569,248	(4,926)	564,322	107	1
Change in net position					(34,415)	34,368	(47)	(2,318)	(201)
Net position, beginning of year					(149,928)	1,290,808	1,140,880	28,040	8,356
Cumulative effect of change in accounting principles					(289,522)	(22,296)	(311,818)	—	—
Net position – beginning of year, adjusted					(439,450)	1,268,512	829,062	28,040	8,356
Net position – end of year					$ (473,865)	1,302,880	829,015	25,722	8,155

See accompanying notes to basic financial statements

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

Assets		Major funds: General fund	Major funds: Capital projects fund	Major funds: Grants fund	Nonmajor funds: Other governmental funds	Total governmental funds
Cash and cash equivalents:	$					
Restricted		6,926	6,963	1,191	6,284	21,364
Unrestricted		34,054	11,587	—	46,453	92,094
Investments:						
Restricted		9,192	32,577	—	6,930	48,699
Unrestricted		1,814	1,754	2,649	2,794	9,011
Receivables, net of allowances:						
Taxes		98,178	3,705	—	45,630	147,513
Licenses and permits		2,507	—	—	218	2,725
Intergovernmental		3,468	1,355	8,426	722	13,971
Charges for services		3,870	27	—	1,239	5,136
Other		477	503	4	474	1,458
Inventory		1,047	—	—	—	1,047
Prepaid asset		685	—	—	—	685
Due from component units		—	—	—	535	535
Due from other funds		8,245	—	—	4,737	12,982
Total assets	$	170,463	58,471	12,270	116,016	357,220
Liabilities, Deferred Inflow of Resources, and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	$	5,452	3,331	6,562	1,675	17,020
Accrued salaries and other benefits		18,308	141	1,053	1,144	20,646
Due to component units		—	—	—	625	625
Due to other funds		3,911	451	3,837	1,122	9,321
Due to other governmental agencies		4	—	—	—	4
Advance to other funds		40,917	—	—	—	40,917
Unearned revenue		333	—	—	2,744	3,077
Other liabilities		6,453	—	—	—	6,453
Total liabilities		75,378	3,923	11,452	7,310	98,063
Deferred inflow of resources		66,432	693	—	26,641	93,766
Total liabilities and deferred inflow of resources		141,810	4,616	11,452	33,951	191,829
Fund balances (deficit):						
Nonspendable		2,425	—	—	11	2,436
Restricted		14,852	38,412	818	45,271	99,353
Committed		9,134	33,670	—	30,404	73,208
Assigned		2,242	—	—	6,379	8,621
Unassigned		—	(18,227)	—	—	(18,227)
Total fund balances		28,653	53,855	818	82,065	165,391
Total liabilities, deferred inflow of resources, and fund balances	$	170,463	58,471	12,270	116,016	357,220

See accompanying notes to basic financial statements.

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

Total fund balances—governmental funds—balance sheet	$	165,391
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets and certain other assets used in governmental activities, which exceed capitalization threshold amounts (excluding internal service fund capital assets), are not financial resources and, therefore, are not reported in the fund financial statements.		839,369
The City reports a net pension asset on the statement of net position relating to the Firemen's Retirement System. This asset is not reported in the fund financial statements.		38,743
Various taxes related to fiscal year 2015 will be collected beyond the 60-day period used to record revenue in the fund financial statements. Revenue for this amount is recognized in the government-wide financial statements.		7,274
Property taxes are assessed by the City on January 1st of each calendar year, but are not due until December 31st. Taxes assessed on January 1, 2015 and payable on December 31, 2015 are deferred inflows of resources within the fund financial statements. However, revenue for this amount is recognized in the government-wide financial statements.		86,492
Internal service funds are used by management to charge the cost of risk management, mailroom services, health and equipment services to the individual funds, generally on a cost reimbursement basis. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.		2,617
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as liabilities within the fund financial statements. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities—both current and long-term—are reported on the government-wide statement of net position. Also, during the year, the City issued new debt and refunded some of its existing debt. Discounts, premiums, and deferred amounts on refunding are reported in the governmental fund financial statements when the debt was issued, whereas these amounts are deferred and amortized over the life of the debt on the government-wide financial statements.		
Balances as of June 30, 2015 are:		
Accrued vacation and sick leave		(50,303)
OPEB Obligation		(177,727)
Net pension liability		(324,741)
Accrued interest payable		(120,263)
Joint venture financing agreement		(33,434)
Certificates of participation		(5,195)
Obligations with component unit		(51,426)
Capital leases-rolling stock		(19,731)
Leasehold improvement and refunding revenue bonds		(435,005)
Development and TIF bonds and notes payable		(340,342)
General obligation bonds		(23,010)
Section 108 Loan Guarantee Assistance Programs		(31,370)
Other long-term debt		(6,740)
Deferred ouflow of resources		33,547
Deferred inflow of resources		(21,093)
Unamortized discounts		3,523
Unamortized premiums		(10,441)
Total net position—governmental activities—statement of net position	$	(473,865)

See accompanying notes to basic financial statements.

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

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

See accompanying notes to basic financial statements

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

Net change in fund balances—governmental funds—statement of revenues, expenditures, and changes in fund balances	$	(13,072)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets, meeting the capitalization threshold, is allocated over their estimated useful lives and recorded as depreciation expense. Additionally, contributions of capital assets to the City are recorded as capital contributions on the statement of activities. This is the amount by which capital outlays and capital contributions, meeting the capitalization threshold, exceeded depreciation expense in the current year. Details of the reported amounts are as follows:		
Capital outlay		31,560
Capital contribution		2,273
Loss on disposal of capital assets		(533)
Depreciation expense		(57,731)
		(24,431)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements. These amounts represent the extent to which revenues not providing current financial resources in the current fiscal year exceeded revenues not providing current financial resources in the prior fiscal year (which are recognized in the fund financial statements in the current year). Such amounts are attributable to the following factors:		
Change in revenues received after the 60-day accrual period		(5,743)
Property taxes due in the fiscal year following the fiscal year in which they were assessed		8,175
		2,432
Internal service funds are used by management to charge the cost of risk management and mailroom services to the individual funds. The change in position of internal service funds attributable to governmental activities is reported on the statement of activities.		2,134
The City reports a net pension liability/asset on the statement of net position relating to its defined benefit pension plans. This liability/asset is not reported in the fund financial statements. Fluctuations in net pension liabilities/assets are reported in the statement of activities		19,461
The City reports a net other postemployment obligation on the statement of net position to the extent actual contributions to the City's other postemployment plan falls below the annual required contribution. This obligation is not reported in the fund financial statements. The fluctuation in the net pension obligation is reported in the statement of activities.		(28,983)
Bond proceeds are reported as financing sources in governmental funds financial statements and thus contribute to the net change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayments of principal is an expenditure in the governmental funds financial statements, but reduces the liability in the statement of net position		
Debt issued during the current year:		
Development and Tax increment financing bonds and notes payable		(49,917)
Certificates of participation		(5,195)
Loan agreement with Forest Park Forever		(2,080)
Leasehold Revenue Bonds		(31,695)
Repayments during the current year:		
Payment to refunded escrow agent - leasehold revenue bonds		37,642
Payment of development and tax increment financing notes		3,442
Annual principal payments on bonds and notes payable		55,525
Annual principal payments on joint venture financing agreement		4,410
Annual principal payments on capital lease		5,012
Annual principal payments Certificates of Participation		655
Firemen's Retirement EAN note credit transaction		3,396
		21,195
Under the modified accrual basis of accounting used in the governmental funds financial statements, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.		
This adjustment combines the net changes of the following:		
Accrued vacation and sick leave		1,538
Accrued interest payable		(11,937)
Unamortized discounts		576
Unamortized premiums		(2,696)
Deferred outflow of resources - bond refundings		(632)
		(13,151)
Change in net position—governmental activities—statement of activities	$	(34,415)

See accompanying notes to basic financial statements

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

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

See accompanying notes to basic financial statements

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

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

See accompanying notes to basic financial statements

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

		Major funds – Enterprise funds				
		Lambert – St. Louis International Airport	**Water Division**	**Parking Division**	**Total Enterprise Funds**	**Internal Service Funds**
Cash flows from operating activities:						
Receipts from customers and users	$	144,657	53,792	15,821	214,270	—
Other operating cash receipts		—	—	120	120	—
Payments to suppliers of goods and services		(35,979)	(22,755)	(423)	(59,157)	(30,368)
Payments to employees		(25,312)	(16,378)	(5,451)	(47,141)	(304)
Payments for interfund services used		(4,786)	(3,833)	—	(8,619)	34,755
Net cash provided by operating activities		78,580	10,826	10,067	99,473	4,083
Cash flows from noncapital financing activities:						
Interest paid on share of bond pension liability		—	(264)	—	(264)	—
Transfers from the State of Missouri		—	—	9	9	—
Transfers from other funds		—	—	964	964	—
Transfers to other funds		(6,408)	(3,129)	(1,061)	(10,598)	—
Net cash provided by (used in) noncapital financing activities		(6,408)	(3,393)	(88)	(9,889)	—
Cash flows from capital and related financing activities:						
Cash collections from passenger facility charges		23,147	—	—	23,147	—
Receipts from federal financing assistance		14,544	—	—	14,544	—
Acquisition and construction of capital assets		(37,704)	(6,639)	(1,489)	(45,832)	—
Interest on deferred outflow of resources			—	334	334	—
Insurance recoveries		2,000	—	—	2,000	—
Proceeds from sale of surplus property		2,833	—	—	2,833	—
Loss on retirement of PPE		—	—	52	52	—
Proceeds from issuance of bonds		17,310	1,547	6,440	25,297	—
Principal paid on revenue bond maturities		(37,560)	(4,019)	(2,631)	(44,210)	—
Cash paid for bond refunding		(17,890)	—	—	(17,890)	—
Cash paid for interest		(37,937)	(30)	(3,779)	(41,746)	—
Other capital and financing activities		—	737	—	737	—
Net cash used in capital and related financing activities		(71,257)	(8,404)	(1,073)	(80,734)	—
Cash flows from investing activities:						
Purchase of investments		(304,141)	(21,163)	(14,055)	(339,359)	(88)
Proceeds from sales and maturities of investments		269,198	1,985	13,954	285,137	—
Interest expense on cash and investments		—	30	—	30	—
Investment income		1,543	—	358	1,901	—
Net cash provided by (used in) investing activities		(33,400)	(19,148)	257	(52,291)	(88)
Net increase (decrease) in cash and cash equivalents		(32,485)	(20,119)	9,163	(43,441)	3,995
Cash and cash equivalents:						
Beginning of year:						
Unrestricted		66,461	34,447	15,064	115,972	869
Restricted		62,670	6,412	2,241	71,323	—
		129,131	40,859	17,305	187,295	869
End of year:						
Unrestricted		36,989	17,241	18,353	72,583	4,864
Restricted		46,284	3,499	8,115	57,898	—
	$	83,273	20,740	26,468	130,481	4,864
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income	$	16,041	7,446	6,080	29,567	2,134
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization		50,166	5,383	2,424	57,973	8
Changes in assets and liabilities:						
Receivables, net		4,751	(448)	(196)	4,107	(362)
Inventories		177	(94)	—	83	—
Prepaid assets		—	—	—	—	131
Other assets, net		142	(103)	20	59	—
Accounts payable, accrued liabilities, accrued salaries, and other benefits		(2,773)	(108)	1,393	(1,488)	(109)
Claims payable		—	—	—	—	4,454
Unearned revenue and other deposits		531	9	17	557	—
Due to/from other funds		(2,187)	(1,046)	552	(2,681)	(924)
Advance to other funds		—	—	—	—	(1,249)
Customer deposits		—	733	—	733	—
Net pension liabilities		443	525	443	1,411	—
Other long term liabilities		11,289	(1,471)	(666)	9,152	—
Total adjustments		62,539	3,380	3,987	69,906	1,949
Net cash provided by operating activities	$	78,580	10,826	10,067	99,473	4,083
Supplemental disclosure for noncash activities:						
Unrealized (loss) gain on investments	$	122	170	28	320	—
Capital contributions		—	343	—	343	—

See accompanying notes to basic financial statements

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

1) Blended Component Units

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

Public Facilities Protection Corporation (PFPC)

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

St. Louis Municipal Finance Corporation (SLMFC)

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

St. Louis Parking Commission Finance Corporation (SLPCFC)

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

Grand Center Municipal Parking Finance Corporation (MPFC)

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

2) Discretely Presented Component Units

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

St. Louis Development Corporation (SLDC)

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

Solid Waste Management and Development Corporation (SWMDC)

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

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

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

3) Related Organizations

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

4) Joint Venture

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

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

5) Pension Trust Funds

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

Government-wide and Fund Financial Statements

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

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

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

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

1) Governmental Fund Types

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

   The following are the City's governmental major funds:

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

   Capital Projects Fund—The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. This fund accounts for acquisition or construction of capital improvements, renovations, remodeling, and replacement for the City's major capital projects.

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

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

2) Proprietary Fund Types

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

The following are the City's proprietary fund types:

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

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

3) Fiduciary Fund Types

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

Property Taxes

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

Cash and Investments

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

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

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

Inventories

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

Capital Assets

1) Governmental Activities Capital Assets

Capital assets, which include buildings, improvements, equipment, and infrastructure assets (for example, roads, bridges, docks, promenade, traffic signals, and similar items), are reported in the governmental activities column in the government-wide financial statements, net of accumulated depreciation. Capital assets are defined by the City as assets with an estimated useful life in excess of one year with an initial, individual cost of $5 or more, infrastructure with a cost of $500 or more, building improvements with a cost of $100 or more, and all land, land improvements, and buildings.

(dollars in thousands)

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

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

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

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

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

Depreciation, including depreciation recognized on assets acquired through government grants and other aid, is computed on the straight-line method over the estimated useful lives of the various classes of assets, except for roads, which is computed using the composite method. The estimated useful lives of depreciable capital assets are as follows:

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

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

(dollars in thousands)

2) Business-type Activities Capital Assets

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

3) Airport

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

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

4) Water Division

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

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

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

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

(dollars in thousands)

5) Parking Division

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

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

Non-depreciable assets include land.

6) Mailroom

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

7) Component Unit—SLDC

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

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

8) Component Unit—SWMDC

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

Long-term Liabilities

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

Pensions

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

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

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

Passenger Facility Charges (PFCs)

The Airport collects a $4.50 (in dollars) facility charge per enplaned passenger to fund approved Federal Aviation Administration (FAA) projects. The PFCs are withheld by the respective airlines for each ticket purchased and passenger transfer made in St. Louis and remitted to the Airport one month after the month of receipt, less an $0.11 (in dollars) per ticket operating fee retained by the airlines. PFCs represent an exchange-like transaction and are recognized as nonoperating revenue based upon passenger enplanements. Passenger facility charges receivable as of June 30, 2015 were $3,471. This amount was collected during July and August 2015.

Capital Contributions

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

Capitalization of Interest

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

Bond Premiums, Discounts, and Issuance Costs

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

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

Deferred Inflow/Outflow of Resources

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

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

Vacation and Sick Leave

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

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

Non-uniformed employees retiring after June 30, 2001 who have an unused sick leave balance may, at retirement, elect to receive payment for one-half of the sick leave balance. As an estimate of the portion of sick leave that will result in termination payments, a liability has been recorded on the government-wide financial statements and the proprietary funds in the fund financial statements representing one-half of the accumulated sick leave balance for those employees who will be eligible to retire within five years.

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

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

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

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

Interfund Transactions

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

1) Transfers

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

2) Interfund Services Provided/Used

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

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

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

Fund Balance Designation

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

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

- Nonspendable: This consists of resources not in spendable form or are legally or contractually required to remain intact.

- Restricted: This consists of amounts that can be spent only for the specific purpose stipulated by constitution, external parties (e.g., grantors, creditors, or other governments), or enabling legislation.

- Committed: This consists of amounts that can only be used for specific purposes pursuant to formal action of the government's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit these amounts. Committed balances are classified as such as a result of the City of St. Louis Board of Aldermen taking formal action and adopting an ordinance which can only be modified or rescinded by a subsequent formal action.

- Assigned: This consists of amounts constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Per City policy, assigned balances are a result of the Board of Estimate and Apportionment approval and authorization of projects or actions prior to July 1, 2015.

- Unassigned: This consists of residual fund balances that do not meet the criteria of nonspendable, restricted, committed, or assigned.

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

Net Position

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

1) Net Investment in Capital Assets

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

2) Restricted

   This consists of net position that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. Net position restricted by statutory restrictions represent tax and other revenue sources that are required by statute to be expended only for a specific purpose or purposes.

3) Unrestricted

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

Statement of Cash Flows

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

Use of Estimates

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

Individual Fund Deficit

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

Current Adoption of GASB Statements

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

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

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

(dollars in thousands)

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

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

Implementation of Future Accounting Standards

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

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

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

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

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

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

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

(dollars in thousands)

2. DEPOSITS AND INVESTMENTS

a. Primary Government

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

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

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

1) Primary Government Excluding Pension Trust Funds

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

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

(dollars in thousands)

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

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

State statutes and City investment policies authorize the deposit of funds in financial institutions and trust companies. Investments may be made in obligations of the U.S. Government or any agency or instrumentality thereof; bonds of the State, the City, or any city within the state with a population of 400,000 inhabitants or more; or time certificates of deposit. In addition, the City may enter into repurchase agreements maturing and becoming payable within 90 days secured by U.S. Treasury obligations or obligations of the U.S. Government agencies or instrumentalities of any maturity as provided by law. City funds in the form of cash on deposit or time certificates of deposit are required to be insured or collateralized by authorized investments held in the City's name.

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

Interest Rate Risk

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

(dollars in thousands)

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

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Investment Policy provides that investments of the City be rated in one of the three highest ratings categories by Moody's Investors Service, Standard & Poor's Corporation, or Fitch's Ratings Service.

(dollars in thousands)

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

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

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

Custodial Credit Risk

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

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

At June 30, 2015, the following City investments are held by the counterparty's trust department or agent, and are not in the City's name: $8,382 of Federal National Mortgage Association securities, $30 of Federal Home Loan Mortgage Corporation securities, and $29,980 Federal Home Loan Bank securities. All remaining City investments and collateral securities pledged against City deposits are held by the counterparty's trust department or agent in the City's name.

(dollars in thousands)

Concentration of Credit Risk

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

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

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

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

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

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

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

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

(dollars in thousands)

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

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

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

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

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

(dollars in thousands)

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

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

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

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

(dollars in thousands)

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

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

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

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

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

(dollars in thousands)

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

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

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

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

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

(dollars in thousands)

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

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

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

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

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

		Investment maturities (in years)			
	Fair Value	**Less than 1**	**1 – 5**	**6 – 10**	**More than 10**
Short-term bind ETF	$ 4,194	—	4,194	—	—

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

Credit Rating Level	**Total**	**Short-term Bond ETF**
AAA	$ 4,194	4,194

Custodial credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan's minimum credit quality for each issue shall be "BBB" (or its equivalent) at the time of purchase. The fixed income portfolio should have an average quality rating of at least "A" (or its equivalent). In the event of a downgrade below investment grade by any rating agency, the Investment Manager is required to notify the Firefighter's Plan and provide a plan for holding or disposition of said securities.

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

(dollars in thousands)

Concentration of credit risk is the risk of loss attributed to the magnitude of the Firefighter Plan's investment in a single issuer. The Firefighter's Plan policy does not allow the concentration per issuer to exceed 5% of the portfolio's market value, with the exception of U.S. government obligations. Furthermore, the investment manager may not hold more than 5% of the outstanding shares of any single issuer. It is the Firefighter's Plan policy to invest in each asset class ranging between a minimum and maximum as shown below:

	Asset class as a percent of total assets		
Asset class	**Minimum**	**Target mix**	**Maximum**
Global all-cap equity	55%	60%	65%
Dometic short-term fixed income	35	40	45

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

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

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

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

Vanguard International Equity ETF	$	6,183
Vanguard Short-term Bond ETF		4,194
Northern Trust Collective Government Short-term Investment Fund		8,178

(dollars in thousands)

4) Primary Government—Pension Trust Fund—Police System

As of September 30, 2014, the Police System had the following cash deposits and investments:

Equities:		
Common stock	$	143,160
Collective investment funds		283,935
Real estate securities fund		28,428
Mortgaged-backed securities-government		2,863
Mortgaged-backed securities-non-government		14,866
Fixed income collective investment fund		97,448
Corporate bonds		47,638
Hedge funds of funds		30,342
Government securities		14,418
Short-term notes		2,500
Money market funds		46,505
Investment property		1,204
Partnership interest		9,074
Other cash deposits		7,398
	$	729,779

The Police System's bank deposits were fully secured or collateralized at September 30, 2014. The Police System's bank deposits and repurchase agreements were insured by the FDIC, collateralized with securities held by the Federal Reserve Bank in the Police System's name.

Marketable securities are stated at fair value. Fair values are based on the last reported sales price on September 30 or on the last reported bid price if no sale was made on that date. The real estate investment fund is valued by the fund manager based on independent real estate appraisals of the fund's holdings. The hedge fund of funds are carried at the value reported by the funds custodians based upon underlying investments. Investment property is reported at estimated fair value as determined by an independent real estate appraisal of the property.

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

(dollars in thousands)

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

		Investment maturities (in years)			
	Fair Value	**Less than 1**	**1 – 5**	**6 – 10**	**More than 10**
Mortgaged-backed securities – government	$ 2,863	—	321	39	2,503
Mortgaged-backed securities – nongovenment	14,866	—	2,438	606	11,822
Collective investment funds	97,448	25,031	19,934	37,425	15,058
Corporate bonds	47,638	3,644	27,267	16,727	—
Government Securities	14,418	1,044	8,389	4,959	26
Short-term notes	2,500	2,500	—	—	—
	$ 179,733	32,219	58,349	59,756	29,409

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

Credit rating level	Total	Government mortgage-backed securities	Nongovernment mortgage-backed securities	Collective investment funds	Corporate bonds	Government securities	Short-term notes
AAA	$ 50,224	2,842	3,352	36,617	1,628	3,285	2,500
AA	34,790	—	486	16,543	7,800	9,961	—
A	79,457	—	5,562	42,637	31,258	—	—
BBB	6,431	—	—	1,651	4,780	—	—
BB	—	—	—	—	—	—	—
CCC	671	—	671	—	—	—	—
CC	—	—	—	—	—	—	—
D	289	—	289				
Not Rated	7,871	21	4,506	—	2,172	1,172	—
	$ 179,733	2,863	14,866	97,448	47,638	14,418	2,500

(dollars in thousands)

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

		Equities	Fixed Income	Money Market	Hedge Funds of Funds	Investment Property and Partnership	Total
Australian Dollar	$	—	518	—	—	—	518
British Pound Sterling		1,409	1,648	—	—	—	3,057
Canadian Dollar		1,940	3,195	—	—	—	5,135
Euro		1,091	2,649	—	—	—	3,740
Indian Rupee		756	—	—	—	—	756
Israeli Shekel		230	—	—	—	—	230
Japanese Yen		—	286	—	—	—	286
Swiss Franc		1,230	718	—	—	—	1,948
Total foreign currency		6,656	9,014	—	—	—	15,670
U.S. Dollar		448,867	170,719	46,505	30,342	10,278	706,711
Total	$	455,523	179,733	46,505	30,342	10,278	722,381

Custodial credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fixed Income Portfolio must have an average rating of "A" or better in the aggregate as measured by at least one credit rating service. In cases where the yield spread adequately compensates for additional risk, securities rated lower than "A" may be purchased, provided overall fixed income quality is maintained. All issues will be of investment grade quality (BBB or Baa rated) or higher at the time of purchase. Up to 15% of the total market value of fixed income securities may be invested in BBB or Baa rated securities. In cases where credit rating agencies assign different quality ratings to a security, the lower rating will be used. Should the rating of a fixed income security fall below minimum investment grade, the investment manager may continue to hold the security if they believe the security will be upgraded in the future, there is low risk of default, and buyers will continue to be available throughout the anticipated holding period. The investment manager has the responsibility of notifying the Board of Trustees through their designee whenever an issue falls below investment grade.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The average effective duration of the aggregate portfolio, reflecting all instruments including Collateralized Mortgage Obligations and Asset-Backed Securities, must be maintained at plus or minus one year of the duration of the respective investment manager's benchmark index.

(dollars in thousands)

Concentration of credit risk is the risk of loss attributed to the magnitude of the Police System's investment in a single issuer. It is the Police System's policy to invest in each asset class ranging between a minimum and maximum as shown below:

	Asset class as a percent of total assets		
Asset class	**Minimum**	**Target mix**	**Maximum**
Fixed income	25%	28%	31%
Domestic Equities:			
Large Cap	17	21	25
Small Cap	4	5	6
Foreign equities:			
Non-U.S. developing markets	20	26	32
Emerging markets	4	7	10
Non-Directional Hedge Funds of Funds	3	4	5
Real Estate Equities	3	4	5
Private equity	—	4	8
Other	—	1	5

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

Asset class	**Long-term Expected Real Rate Of Return**
Fixed income	(0.75)%
Domestic equity	4.85%
Foreign equity	5.25%
Non-directional hedge fund of funds	2.75%
Real estate (REIT)	5.35%
Private equity (parnerships)	9.95%
Money market	—

The above long-term expected real rate of returns represents best estimates of geometric rates of return for each major asset class included. These rates of return are shown net of inflation (assumed at 2.5%) and net of investment expenses (assumed at 0.45%).

(dollars in thousands)

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

Bank of New York Mellon EB Global Real Estate Securities Fund
EnTrust Capital Diversified Fund QP, Ltd.
Falcon E&P Opportunities Fund, L.P.
GAM US Institutional Diversity, Inc.
NB Secondary Opportunities Fund, L.P.
Wellington Trust Company International Opportunities Fund

Investments which exceed 5% or more of net assets held in trust for pension benefits for the Police System are as follows:

Collective funds:		
Trilogy International Group Trust I	$	94,660
J.P. Morgan CB Emerging Market Equity Focused Fund		44,852
Wellington Trust Company International Opportunities Fund		92,812
MFB Daily S&P 500 Equity Index Fund		51,610

The Police System participates in securities lending programs in order to enhance investment yield. In a securities lending transaction, the Police System transfers possession—but not title—of the security to the borrower. Collateral consisting of cash, letter of credit, or government securities is received and held by a financial institution. The broker/dealer collateralizes their borrowing (usually in cash) to 102% of the security value plus accrued interest, and this collateral is adjusted daily to maintain the 102% level. The Police System maintains all the rights in the collateral of a secured lender under the Uniform Commercial Code. The Police System continues to earn income on the loaned security. In addition, the Police System receives 70% of the net lending fees generated by each loan of securities. The financial institution receives the remaining 30% of the net lending fees as compensation for its services provided in the securities lending program. The financial institution indemnifies operational risk and counterparty risk. The Police System authorizes the lending of domestic securities, U.S. Treasuries, corporate bonds, and equities. The Police System does not have the ability to pledge or sell collateral securities without borrower default. Therefore, for accounting purposes, the financial statements do not reflect an increase in assets or liabilities associated with securities lent. Outstanding loans to borrowers at September 30, 2014 were $58,225. The Police System earned income of $161 for its participation in the securities lending program for the year ended September 30, 2014.

(dollars in thousands)

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

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

Common stocks	$	194,537
Managed international equity funds		186,792
Managed master limited partnerships		67,543
Bonds		85,989
Domestic bond funds		78,424
Real estate funds		79,853
Temporary cash investments		8,855
Managed hedge fund of funds		77,332
Other cash deposits		217
	$	779,542

The bank balances of the Employees' System at September 30, 2014 were insured by the Federal Deposit Insurance Corporation up to $250. The remaining balances were collateralized by securities held by the pledging financial institution's trust department in the Employees' System's name.

Investments are reported at fair market value. Securities traded on a national or international exchange funds are valued at the unit value quoted by the investee entity. Security transactions and any resulting realized gains or losses are accounted for on a completed transaction basis. Commingled funds are valued at the unit value quoted by the investee entity based on the underlying asset values. Real estate funds and other managed funds are valued based on valuations of underlying investments as reported by fund managers.

Foreign Currency Risk

The Employees' System does not have a formal policy to limit foreign currency risk. Risk of loss arises from changes in currency exchange rates. The Employees' System's exposure to foreign currency risk is presented on the following table:

		Short-term	Debt	Total
British Pound	$	42	1,943	1,985
Australian Dollar		10	2,072	2,082
Canadian Dollar		—	790	790
Euros		8	7,797	7,805
Japanese Yen		24	3,639	3,663
Total	$	84	16,241	16,325

(dollars in thousands)

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligation to the Employees' System. Below is a list of fixed income credit quality ratings:

Quality rating		
Aaa/U.S. Governments	$	81,451
Aa		9,983
A		23,770
Baa		26,196
Below Baa		23,257
Not Rated		1,045
Total	$	165,702

All temporary cash investments held by the Employees' Retirement System at September 30, 2014 were unrated.

Interest Rate Risk

The Employees' System does not have a formal policy to limit interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of an investment. Duration is a measure of debt instrument's exposure to a change in interest rate and the related sensitivity of market price to parallel shifts in the yield curve. It uses the present value of cash flows, weighted for those cash flows as a percentage of the instrument's full price.

Investment		Fair value	Effective duration
Payden and Rygel	$	31,665	6.36 years
Allegiant (PNC)		55,612	5.15 years
SSGA		32,970	5.60 years
Loomis		26,127	4.24 years
Vanguard		19,328	7.90 years
	$	165,702	

The Employees' System participates in a securities lending program administered by a financial institution. Brokers who borrow the securities provide collateral, usually in the form of cash valued at 102% for domestic securities loaned, resulting in no credit risk for the system. At September 30, 2014, the term to maturity of the securities on loan is matched with the term to maturity of the investment of the cash collateral. These loans can be terminated on demand by either the lender or borrower. The Employees' System cannot pledge or sell non-cash collateral unless the borrower defaults. As of September 30, 2014, the Employees' System has lending arrangements outstanding with a market value for securities lent of $3,462.

(dollars in thousands)

Concentration of Credit Risk

At September 30, 2014, the Employees' System has the following concentrations, defined as investments (other than those issued or guaranteed by the U.S. Government) in any one organization, that represent five percent or more of total investments to the Employees' System:

Acadian Asset Management		
Emerging Market Fund	$	49,577
INTECH Investment Management		
U.S. Large Cap Core Equity		78,112
LSV Asset Management		
U.S. Large Cap Value Equity		42,410
PNC Capital Advisors		
U.S. Broad Market Core Fixed Income		55,613
Principal Global Investors		
Real Estate Group Annuity Contract		79,853
Silchester International Advisors		
International Value Equity Group Trust		73,726
Walter Scott & Partners		
International Growth Equity Group Trust		39,148

b. Component Unit—SLDC

State statutes and SLDC investment policies are the same as for the primary government. SLDC funds, in the form of cash on deposit or certificates of deposit, are required to be insured or collateralized by authorized investments held in SLDC's name. At June 30, 2015, all but $58 of SLDC's cash deposits were covered by federal depository insurance or collateral held by the pledging institution's trust department or agent in SLDC's name. At June 30, 2015, the market value of investments approximated the carrying value of $757.

(dollars in thousands)

3. RECEIVABLES, NET

		Taxes	Intergovern-mental	Charges for Services	Notes and Loans	Insurance Recovery	Other	Total Receivables
Governmental activities:								
General fund	$	98,178	3,468	3,870	—	—	2,984	108,500
Capital projects fund		3,705	1,355	27	—	—	503	5,590
Grants fund		—	8,426	—	—	—	4	8,430
Other governmental funds		45,630	722	1,239	—	—	692	48,283
Total governmental activities	$	147,513	13,971	5,136	—	—	4,183	170,803
Business-type activities:								
Airport	$	—	11,504	2,321	—	800	4,775	19,400
Water Division		—	—	11,375	—	—	—	11,375
Parking Division		—	—	380	—	—	—	380
Total business-type activities	$	—	11,504	14,076	—	800	4,775	31,155

All amounts are scheduled for collection during the subsequent fiscal year.

4. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The allowance for uncollectible accounts, which has been deducted from the related receivable in the government-wide statement of net position and fund financial statements, consists of the following balances:

Governmental activities:		
Taxes receivable—general fund	$	729
Taxes receivable—other governmental funds		119
License and permits receivable—general fund		25
Charges for services receivable—general fund		2,108
Charges for services receivable—other governmental funds		214
Business-type activities:		
Charges for services receivable—Airport		20
Charges for services receivable—Water Division		3,367
	$	6,582

5. COMPONENT UNIT—SLDC RECEIVABLES

SLDC notes and loans receivable consist principally of small business loans made to facilitate business growth. The commercial loans are primarily financed utilizing funds provided by the Community Development Administration (CDA) of the City, Economic Development Administration, Environmental Protection Agency, and the State. The proceeds from any repayment of these loans are generally payable back to the funding source or re-loaned in accordance with the lending program. Grantor funds received for these lending programs are recorded as a liability.

(dollars in thousands)

6. RESTRICTED ASSETS

a. Airport

Cash and investments, restricted in accordance with bond provisions, are as follows at June 30, 2015:

Airport bond fund:		
Debt service account	$	59,244
Debt service reserve account		36,880
Airport renewal and replacement fund		3,500
Passenger facility charge fund		14,874
Airport debt service stabilization fund		38,211
Airport construction fund		5,748
Drug enforcement agency funds		2,048
	$	160,505

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

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

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

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

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

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

6) *Airport Renewal and Replacement Fund:* an amount equal to $57, provided that no deposit shall be required to be made into said fund whenever and as long as uncommitted moneys in said fund are equal to or greater than $3,500 or such larger amount as the City shall determine is necessary for purposes of said fund; and provided further that, if any such monthly allocation to said fund shall be less than the required amounts, the amount of the next succeeding monthly payments shall be

(dollars in thousands)

increased by the amount of such deficiency. This fund shall be used for paying costs of renewal or replacement of capital items used in connection with the operation of the Airport.

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

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

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

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

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

b. Water Division

Cash restricted in accordance with bond provisions and City ordinances at June 30, 2015 is as follows:

Bond funds:	
Waterworks bond fund	$ 216
Water replacement and improvement account	750
Total bond funds	966
Customer deposits	2,533
Total restricted cash	$ 3,499

Bond fund provisions require that revenues derived from the operation of the Waterworks System be deposited in the Waterworks Revenue Account. From this account, the following allocations are made on the first business day of each month in the following order of priority:

Series 2011 Water Revenue Refunding Bond Funds

1. To the unrestricted *Waterworks Operations and Maintenance Fund*, an amount sufficient to pay the estimated operation and maintenance expenses during the next month.

2. To the *Waterworks Bond Fund*, an amount at least equal to 1/6 of the amount of interest that will come due on the next interest payment date, plus an amount at least equal to 1/12 of the aggregate principal amount of bonds that will come due on the next bond maturity date. This account shall be used only for the payment of bond principal and interest, as the same shall become due.

3. To the *Water Revenue Debt Service Reserve Account*, a sum equal to the Debt Service Reserve Fund Requirement or a debt service reserve fund policy or a surety bond shall be provided by a Bond Insurer in such amount or a letter of credit shall be provided by a bank acceptable to the City in such amount. All amounts paid and credited to this account shall be used solely to prevent any default in the payment of the principal of and interest on the Bonds.

4. To the *Water Replacement and Improvement Fund*, an amount equal to $25 per month until the account balance aggregates $750. This account shall be used for making replacements, extensions, and improvements to the Waterworks System, and for the purpose of meeting unforeseen contingencies and emergencies arising in the operation of the Waterworks System of the City.

5. The remaining balance in the *Waterworks Revenue Fund* is deposited into the unrestricted Water Contingent Fund. This money shall be used for paying the cost of the operation, maintenance, and repair of the Waterworks System; paying the cost of extending, improving, or making replacements to the Waterworks System; preventing default in, anticipating payments into, or increasing the amounts in the other accounts; paying any gross receipts tax now or hereafter levied by the City; paying the principal or the interest on any subordinate or junior lien bonds; paying any redemption premium due on the bonds; or any other lawful purpose for use by the Waterworks System.

Series 2013 Water Revenue Bond Funds

To the *Waterworks Bond Fund*, an amount at least equal to the calculated ¼ amount of interest that will come due on the next interest payment date, plus an amount at least equal to ¼ of the aggregate principal amount of bonds that will come due on the next bond maturity date. This account shall be used only for the payment of bond principal and interest, as the same shall become due.

(dollars in thousands)

c. Parking Division

Cash and investments restricted in accordance with bond indentures at June 30, 2015 are as follows:

Series 2015A bonds:		
Debt service reserve	$	514
Debt service		51
Series 2015A project account		5,344
Total series 2015A bonds		5,909
Series 2013A bonds:		
Debt service reserve		126
Total series 2013A bonds		126
Series 2007 and 2006 bonds:		
Debt service reserve		4,943
Debt service		1,397
Repair and replacement		3,456
Net project revenues		120
Parking trust—Parking Division accounts		1,888
Total series 2007 and 2006 bonds		11,804
Series 2003A and 2003B bonds:		
Gross revenues		156
Bond		149
Repair and replacement		31
Operating reserve		100
Redemption		61
Total series 2003A and 2003B bonds		497
Total restricted cash and investments	$	18,336

Descriptions of the funds required by the Series 2015A Subordinated Bond Indentures are as follows:

1) *Debt service reserve* – Maintains funds from the proceeds of the respective bond series to be available to pay principal of and interest on the respective bonds if other funds are not available.

2) *Debt service* – Maintains funds from the proceeds of the respective bond series to be available to pay principal of and interest on the respective bonds if other funds are not available.

3) *Series 2015A project account* – Maintains funds used to fund the debt service account.

Descriptions of the funds required by the Series 2013A Subordinated Bond Indentures are as follows:

1) *Debt service account* – Maintains funds from the proceeds of the respective bond series to be available to pay principal of and interest on the respective bonds if other funds are not available.

2) *Series 2013A project account* – Maintains funds used to fund the debt service account.

Descriptions of the funds required by the Series 2007 and 2006 Bond Indentures are as follows:

1) *Debt service reserve* – Maintains funds from the proceeds of the respective bond series to be available to pay principal of and interest on the respective bonds if other funds are not available.

2) *Debt service* – Moneys deposited into this account pay principal and accrued and unpaid interest on the respective bonds.

3) *Net project revenues* – Maintains funds used to fund the debt service account.

4) *Argyle TIF revenues* – Argyle TIF revenues are used for the payment of debt service on the Series 2006 Bonds.

5) *Parking trust* – Parking Division accounts—Maintains funds transferred from the respective bond account to be available to pay principal and interest on the respective refunded bonds if other funds are not available.

6) *Repair and replacement* – Provides for the repair and upkeep of parking garages.

Descriptions of the funds required by the Series 2003A and 2003B Bond Indenture are as follows:

1) *Gross revenues* – Maintains revenues resulting from the operations of the Cupples Garage and uses these to pay the operating and debt service costs associated with the Cupples Garage.

2) *Bond* – Moneys deposited into this account pay principal and accrued and unpaid interest on the Series 2003A and 2003B bonds.

3) *Repair and replacement* – Provides for the repair and upkeep of the Cupples Garage.

4) *Operating reserve* – Maintains operating reserve as required by the Bond Indenture.

5) *Redemption* – Maintains funds set aside for the future redemption of the Series 2003A and 2003B bonds.

(dollars in thousands)

7. CAPITAL ASSETS

a. Primary Government

The following is a summary of changes in capital assets—governmental activities for the year ended June 30, 2015:

	June 30, 2014	Additions	Retirements	Transfers	Balance June 30, 2015
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 80,245	218	(81)	—	80,382
Construction in progress	28,854	8,390	—	(27,592)	9,652
Equipment in progress	816	—	—	—	816
Works of art	3,467	91	—	—	3,558
Intangibles	1,044	249	—	(140)	1,153
Total capital assets not being depreciated	114,426	8,948	(81)	(27,732)	95,561
Capital assets being depreciated:					
Buildings	634,492	6,191	(1,408)	12,073	651,348
Improvements other than buildings	89,497	2,760	—	1,794	94,051
Equipment	164,050	8,919	(2,972)	1,682	171,679
Infrastructure	643,015	6,968	—	12,043	662,026
Intangibles	1,744	47	—	140	1,931
Total capital assets being depreciated	1,532,798	24,885	(4,380)	27,732	1,581,035
Less accumulated depreciation for:					
Buildings	231,646	16,097	(1,043)	—	246,700
Improvements other than buildings	32,797	2,036	—	—	34,833
Equipment	104,531	9,576	(2,885)	—	111,222
Infrastructure	413,831	29,696	—	—	443,527
Intangibles	582	326	—	—	908
Total accumulated depreciation	783,387	57,731	(3,928)	—	837,190
Total capital assets being depreciated, net	749,411	(32,846)	(452)	27,732	743,845
Governmental activities capital assets, net	$ 863,837	(23,898)	(533)	—	839,406

Construction in progress consists primarily of convention center renovations and street and bridge projects. Equipment in progress consists of communication equipment being prepared for its intended use.

(dollars in thousands)

The following is a summary of changes in capital assets – business-type activities for the year ended June 30, 2015. Business-type activities for the City include the Airport, Water Division, and Parking Division.

	Balance June 30, 2014	Additions	Retirements	Transfers	Balance June 30, 2015
Business-type activities:					
Combined:					
Capital assets not being depreciated:					
Land	$ 775,747	—	(60)	—	775,687
Construction-in-progress	64,049	35,437	(712)	(82,966)	15,808
Infrastructure	6	—	(6)	—	—
Intangibles	3,506	—	—	—	3,506
Total capital assets not being depreciated	843,308	35,437	(778)	(82,966)	795,001
Capital assets being depreciated:					
Buildings and structures	691,101	25	—	69,850	760,976
Equipment	100,332	3,710	(1,091)	243	103,194
Pavings	1,007,445	—	—	10,226	1,017,671
Parking meters and lot equipment	7,519	1,446	(740)	—	8,225
Reservoirs	34,513	—	—	659	35,172
Boiler plant equipment	661	—	—	—	661
Pumping equipment	10,923	—	—	—	10,923
Purification basins and equipment	43,679	9	—	65	43,753
Water mains, lines, and accessories	130,147	3,435	(923)	1,803	134,462
Motor vehicle equipment	9,046	717	(639)	100	9,224
Total capital assets being depreciated	2,035,366	9,342	(3,393)	82,946	2,124,261
Less accumulated depreciation for:					
Buildings and structures	404,092	18,634	—	—	422,726
Equipment	72,562	4,435	(1,072)	—	75,925
Pavings	435,135	30,698	—	—	465,833
Parking meters and lot equipment	6,765	266	(693)	—	6,338
Reservoirs	11,964	665	—	—	12,629
Boiler plant equipment	644	3	—	—	647
Pumping equipment	9,183	233	—	—	9,416
Purification basins and equipment	17,468	929	—	—	18,397
Water mains, lines, and accessories	59,429	1,675	(786)	—	60,318
Motor vehicle equipment	5,978	435	(607)	—	5,806
Total accumulated depreciation	1,023,220	57,973	(3,158)	—	1,078,035
Total capital assets being depreciated, net	1,012,146	(48,631)	(235)	82,946	1,046,226
Business-type activities capital assets, net	$ 1,855,454	(13,194)	(1,013)	(20)	1,841,227

(dollars in thousands)

Construction-in-progress consists primarily of various improvements at the Airport to the airfield and terminal buildings, as well as property purchased on which the Airport's expansion facilities will be constructed, and various improvements to the waterworks system.

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

Governmental activities:		
General government	$	6,145
Convention and tourism		5,649
Parks and recreation		5,264
Judicial		313
Streets		32,788
Public safety:		
Fire		2,159
Police		3,936
Other		642
Health and welfare		315
Public service		520
Total depreciation expense, governmental activities	$	57,731
Business-type activities:		
Airport	$	50,166
Water Division		5,383
Parking Division		2,424
Total depreciation expense, business-type activities	$	57,973

(dollars in thousands)

b. Component Unit—SLDC

The following is a summary of changes in SLDC capital assets for the period ended June 30, 2015:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015
Capital assets not being depreciated:				
Land	$ 4,914	—	—	4,914
Construction in Progress	—	369	—	369
Total capital assets not being depreciated	4,914	369	—	5,283
Capital assets being depreciated:				
Leasehold improvements	22,755	—	—	22,755
Equipment	713	—	—	713
Parking facilities	19,716	552	—	20,268
Total capital assets being depreciated	43,184	552	—	43,736
Less accumulated depreciation for:				
Leasehold improvements	3,200	700	—	3,900
Equipment	696	16	—	712
Parking facilities	13,736	375	—	14,111
Total accumulated depreciation	17,632	1,091	—	18,723
Total capital assets being depreciated, net	25,552	(539)	—	25,013
SLDC capital assets, net	$ 30,466	(170)	—	30,296

(dollars in thousands)

c. Component Unit—SWMDC

The following represents a summary in SWMDC's capital assets for the year ended June 30, 2015:

		Balance June 30, 2014	Additions	Retirements	Balance June 30, 2014
Capital assets being depreciated:					
Infrastructure	$	12,083	699	—	12,782
Total capital assets being depreciated		12,083	699	—	12,782
Less accumulated depreciation for:					
Infrastructure		5,242	411	—	5,653
Total accumulated depreciation		5,242	411	—	5,653
SWMDC capital assets, net	$	6,841	288	—	7,129

8. COMPONENT UNIT—SLDC PROPERTY HELD FOR DEVELOPMENT

SLDC property held for development consists primarily of land and property held for sale or other development purposes. This land and property is reported in SLDC's financial statements based on management's intent of ultimate disposition of the property. Proceeds received upon the sale of most of these properties will revert back to the funding source. A reserve for impairment in the amount of $8,787 has been established on these properties.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		Vendors	Contracts and retainage payable	Total
Governmental activities:				
General fund	$	5,452	—	5,452
Capital projects fund		2,850	481	3,331
Grants fund		6,562	—	6,562
Other governmental funds		1,674	1	1,675
Internal service		356	—	356
Total governmental activities	$	16,894	482	17,376
Business-type activities:				
Airport	$	12,257	7,392	19,649
Water Division		4,904	—	4,904
Parking Division		1,468	—	1,468
Total business-type activities	$	18,629	7,392	26,021

(dollars in thousands)

10. RETIREMENT PLANS

The City contributes to the following defined benefit retirement plans: The Firemen's System, the Firefighter's Plan and the Police System, which are single –employer plans. The Employees' System is a cost-sharing multiple-employer plan.

Effective February 1, 2013, the City passed Ordinances #69149 and #69245 (amended by #69353) and Judge Dierker's ruling (Board Bill 109) replaced the Firemen's System with a new retirement system, the Firefighter's Plan. All other employees are covered by the Employees' System, a cost-sharing, multiple-employer, public defined benefit retirement plan. Each system is administered by a separate Board of Trustees, members of which are appointed by City officials and plan participants.

Each system is administered by a separate board of trustees, who are partially appointed by City officials, plan participants, and the governor of the State (Police System only). For financial reporting purposes, these retirement systems are included as fiduciary pension trust funds of the City. Financial information taken directly from the financial statements, that were audited by other auditors and whose reports have been furnished to us, for these funds has been included within the accompanying basic financial statements as of each System's fiscal year-end, which falls within the City's current fiscal year-end as follows:

System	System fiscal year-end
Firemen's	September 30, 2014
Firefighters'	September 30, 2014
Police	September 30, 2014
Employees'	September 30, 2014

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

1) System Description (FRS)

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

The following disclosures are based on the September 30, 2014 financial statements and the October 1, 2014 actuarial valuation. The valuation as of October 1, 2014, reflects the changes attributable to Ordinance #69245 and #69353, and Judge Dierker's subsequent ruling (Board Bill 109). Key changes to the Firemen's System is as follows:

- Firemen's System is frozen as of February 1, 2013. That is, benefits paid from Firemen's System will be based on the member's service and salary earned as of February 1, 2013. Participants with benefit service in Firemen's System are classified as "grandfathered" members.
- Firefighters hired after February 1, 2013, are not members of Firemen's System.
- Vesting and eligibility service earned after February 1, 2013, in the newly established Firefighter's Plan will count towards vesting and eligibility service in Firemen's System.

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

As a result of Board Bill 109, the following assumptions were made:

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

Plan liabilities for Firemen's System after Board Bill 109 are predominantly for retired members and their beneficiaries. That is, the proportion of retired liabilities to total plan liabilities is projected to be over 80 percent within 10 years.

An agreement between the City and Firemen's System was reached regarding the recognition of City contributions under Board Bill 109. The City made contributions to Firemen's System from February 1, 2013, to September 30, 2013. The contributions for this period recognize the impact of Board Bill 109, certain excess Firefighter's Plan City contributions were transferred from Firemen's System to Firefighter's Plan in the amount of $6,883 equal to the Firefighter's Plan City required contribution for the period February 1, 2013, to September 30, 2013 and a portion of the excess Firemen's System City contribution was credited towards the Firemen's System Entry Age Normal Agreement (Fireman's Retirement EAN Note) with the City in the amount of $3,396.

The Firemen's System, in accordance with Ordinance #62994 of the City, initiated during the Firemen's System's fiscal year ended August 31, 1994, the Deferred Retirement Option Plan

(dollars in thousands)

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

The Fireman's System membership consisted of the following as of September 30, 2014:

Retirees and beneficiaries currently receiving benefits	985
Current members:	
Vested – DROP	64
Vested – Non-DROP	161
Nonvested	349
Total current members	574
Total membership	1,559

2) Funding Policy (FRS)

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

(dollars in thousands)

3) Net Pension Liability (FRS)

The City's net pension liability as of June 30, 2015 was measured as of September 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2014.

		Total pension liability (TPL) (a)	**Fiduciary net Position (FNP) (b)**	**Net pension liability (asset) (NPL) (a)-(b)**
Balances at July 1, 2014	$	452,299	492,222	(39,923)
Changes for the year:				
Service cost		—	—	—
Interest		34,450	—	34,450
Refunds of member contributions		(1,205)	(1,205)	—
Benefit payments		(34,002)	(34,002)	—
Contributions – employer		—	1,008	(1,008)
Net investment income		—	48,270	(48,270)
Transfer out due to settlement agreement		—	(10,279)	10,279
Administrative expenses		—	(1,424)	1,424
Net changes		(757)	2,368	(3,125)
Balances at June 30, 2015	$	451,542	494,590	(43,048)

(dollars in thousands)

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

Date of actuarial valuation	October 1, 2014
Actuarial cost method	30-year closed period from establishment
GASB 67 reporting	Entry Age Normal
Funding	Entry Age - frozen initial liability
Remaining amortization period	None - No unfunded actuarial liability
Asset valuation method	3-year smoothed average of market value
Inflation	3.00%
Investment rate of return	7.625%, net of investment and administrative expenses 7.925%, gross of administrative expenses
Projected salary increases	Benefits frozen as of February 1, 2013; therefore no salary increases have been assumed
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2010 valuation pursuant to an experience study of the October 1, 2005, through September 30, 2010. The rates were adjusted slightly for members with less than 20 years of service as of February 1, 2013, due to the freezing of FRS benefits and the implementation of FRP.
Mortality	RP2000 mortality table, sex distinct, with rates projected to 2015

The long-term expected rate of return on the Firemen's System investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation as of October 1, 2014, these best estimates are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Fixed income	25%	(1.30)%
Domestic equity	26	4.30
International equity	24	4.70
Private equity	—	9.40
Real estate	15	4.80
Nondirectional hedge fund of funds	10	2.20
Total	100%	

(dollars in thousands)

The discount rate used to measure the total pension liability (asset) was 7.93%. The projection of cash flows used to determine the discount rate assumed that the City contribution rate and that contributions will be made at rates equal to the difference between would make the required contributions as defined by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset). For the October 1, 2014 actuarial valuation, a 7.93% discount rate was used. The sensitivity of the net pension liability to changes in the discount rate for the year ended June 30, 2015 for the City is as follows:

	Discount rate		Net pension liability (asset)
1% decrease	6.93%	$	665
Current rate	7.93		(43,048)
1% increase	8.93		(79,934)

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

4) Pension Expense (FRS)

For the fiscal year ended June 30, 2015, the City recognized pension expense of $6,747. Annual pension expense consists of service cost, interest and administrative expenses on the pension liability less employee contributions and projected earnings on pension plan investments. The difference between actual and expected earnings is recorded as a deferred outflow/inflow of resources recognized in pension expense over a five year period. The pension expense for the City's fiscal year ended June 30, 2015 is summarized as follows:

Service cost	$	—
Interest		34,450
Administrative expenses		1,424
Projected earnings on pension plan investments		(37,190)
Other changes – transfer due to settlement agreement		10,279
Recognized portion of current-period difference between projected and actual earnings on pension plan investments		(2,216)
Pension expense for year ended June 30, 2015	$	6,747

(dollars in thousands)

5) Deferred Outflows/Inflows of Resources Related to Pension (FRS)

In accordance with GASB Statements No. 67 and 68, the City recognizes differences between actual and expected experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, the difference between actual and expected investment returns, changes in proportion, and contributions subsequent to the measurement date as deferred outflows/inflows of resources. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as follows:

	Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual earnings on pension plan investments	$ —	8,864
Total	$ —	8,864

The City recognizes differences between actual and expected investment performance included in deferred outflows/inflows of resources on a straight-line basis over five years. Differences between expected and actual experience on actuarial assumptions are amortized over the average expected remaining service life of Firemen's System employees. The following table summarizes the future recognition of these items:

Year ended June 30	Recognition
2016	$ 2,216
2017	2,216
2018	2,216
2019	2,216
	$ 8,864

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

1) System Description (FRP)

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

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

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

The Firefighter's Plan provides retirement benefits as well as death and disability benefits. Grandfathered members are those who were employed prior to February 1, 2013. Members can voluntarily retire after a minimum of 20 years of service and upon reaching the normal retirement age of 55. A member who has 20 years of service but has not yet reached the age of 55 may elect an early retirement with the normal retirement benefit deferred until reaching the age of 55. In lieu of a deferred retirement benefit, the member may elect to receive his/her retirement benefit beginning on his/her early retirement date or on the first day of any month thereafter prior to reaching age 55 with such benefit actuarially reduced from age 55. A member hired on or after the effective date of February 1, 2013 who terminates employment after completing 10 years of service, but before completing 20 years of service, is eligible for a full unreduced pension beginning at age 62. Such a member may elect to receive a refund of his/her contributions, plus interest, in lieu of a pension benefit.

The monthly allowance is determined by the average final monthly compensation over the last 5 years of service. For grandfathered members, the average is over the last 2 years of service. The monthly allowance consists of 40% of the applicable final average monthly compensation at 20 years of service, plus 2% of such final average compensation for each of the next five years of service, plus 5% of final average compensation for each additional year of service after 25 years with a maximum pension of 75%. Unused accrued sick pay accumulated before September 20, 2010 may increase the maximum pension beyond this limitation.

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

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

(dollars in thousands)

The Firefighter's Plan membership consisted of the following as of September 30, 2014:

Retirees and beneficiaries currently receiving benefits	22
Current active members:	
Vested – Non-DROP	378
Vested – participating DROP	62
Nonvested	186
Total current active members	626
Total membership	648

2) Funding Policy (FRP)

A grandfathered member with at least 20 years of service as of February 1, 2013, contribute 8% of their salary, after-tax. All other members contribute 9% of their salary, pre-tax. The City is required to contribute the remaining amounts necessary to fund Firefighter's Plan. All members who terminate employment before becoming eligible to receive a retirement benefit will receive a refund of all contributions plus interest. Members hired after February 1, 2013 who terminate employment before reaching age 55 and elect a refund of contributions in lieu of a pension benefit will also receive a refund of their contributions plus interest, as will grandfathered members who terminate employment before completing 20 years of service. Contributions to the Firefighter's Plan made on or after the inception of the Firefighter's Plan are not refundable to a member who receives a service retirement benefit, ordinary disability benefit, or a service connected disability benefit; except that contributions to the Firefighter's Plan by a grandfathered member with at least 20 years of service as of inception who receives a service retirement benefit are refundable without interest.

An agreement between the City and the Firemen's System was reached regarding the recognition of City contributions under Board Bill 109. The City made contributions to the Firemen's System from February 1, 2013, to September 30, 2013. The contributions for this period recognize the impact of Board Bill 109, certain excess Firemen's System City contributions were transferred from the Firemen's System to the Firefighter's Plan in the amount of $6,883 equal to the Firefighter's Plan City required contribution for the period February 1, 2013, to September 30, 2013 and a portion of the excess Firemen's System City contribution was credited towards the Firemen's System Entry Age Normal Agreement (Fireman's Retirement EAN Note) with the City in the amount of $3,396.

(dollars in thousands)

3) Net Pension Liability (FRP)

The City's net pension liability for Firefighter's Plan as of June 30, 2015 was measured as of September 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2014.

		Total pension liability (TPL) (a)	Fiduciary net Position (FNP) (b)	Net pension liability (NPL) (a)-(b)
Balances at July 1, 2014	$	47,262	1,653	45,609
Changes for the year:				
Service cost		6,411	—	6,411
Interest		4,088	—	4,088
Difference between expected and actual experience		(5,360)	—	(5,360)
Benefit payments		(48)	(48)	—
Refunds of member contributions		(85)	(85)	—
Contributions – employer		—	15,825	(15,825)
Contributions – employee		—	2,813	(2,813)
Net investment income		—	(92)	92
Administrative expenses		—	(207)	207
Net changes		5,006	18,206	(13,200)
Balances at June 30, 2015	$	52,268	19,859	32,409

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

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

(dollars in thousands)

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

Asset class	Target allocation	Long-term expected real rate of return
Fixed income	40%	(1.30)%
International equity	60	4.70
Total	100%	

The discount rate used to measure the total pension liability was 7.63%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. For the October 1, 2014 actuarial valuation, a 7.63% discount rate was used. The sensitivity of the net pension liability to changes in the discount rate for the year ended June 30, 2015 for the City is as follows:

	Discount rate	Net pension liability
1% decrease	6.63%	$ 39,013
Current rate	7.63	32,409
1% increase	8.63	26,598

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

(dollars in thousands)

4) Pension Expense (FRP)

For the fiscal year ended June 30, 2015, the City recognized pension expense of $7,066. Annual pension expense consists of service cost, interest and administrative expenses on the pension liability less employee contributions and projected earnings on pension plan investments. The difference between actual and expected earnings is recorded as a deferred outflow/inflow of resources recognized in pension expense over a five year period. The pension expense for the City's fiscal year ended June 30, 2015 is summarized as follows:

Service cost	$	6,411
Interest		4,088
Administrative expenses		207
Contributions – employee		(2,813)
Projected earnings on pension plan investments		(219)
Recognized portion of current-period difference between expected and actual experience		(670)
Recognized portion of current-period difference between projected and actual earnings on pension plan investments		62
Pension expense for year ended June 30, 2015	$	7,066

5) Deferred Outflows/Inflows of Resources Related to Pension (FRP)

In accordance with GASB Statements No. 67 and 68, the City recognizes differences between actual and expected experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, the difference between actual and expected investment returns, changes in proportion, and contributions subsequent to the measurement date as deferred outflows/inflows of resources. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as follows:

		Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual earnings on pension plan investments	$	249	—
Differences between expected and actual experience		—	4,690
Total	$	249	4,690

(dollars in thousands)

The City recognizes differences between actual and expected investment performance included in deferred outflows/inflows of resources on a straight-line basis over five years. Differences between expected and actual experience on actuarial assumptions are amortized over the average expected remaining service life of the Firefighters' Plan employees. The following table summarizes the future recognition of these items:

Year ended June 30	Recognition
2016	$ (608)
2017	(608)
2018	(608)
2019	(608)
2020	(670)
Thereafter	(1,339)
	$ (4,441)

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

1) System Description (PRS)

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

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

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

The Police System membership consisted of the following as of September 30, 2014:

Retirees and beneficiaries currently receiving benefits	1,883
Current active members:	
Vested – in DROP	185
Vested – not in DROP	164
Total vested	349
Nonvested	932
Total current active members	1,281
Total members	3,164

2) Funding Policy (PRS)

Police officers are required to contribute 7% of their compensation to the Police System per State statute. The City is required to contribute the remaining amounts necessary to fund the Police System, determined in accordance with City ordinances. Upon leaving employment due to service retirement, death, or disability due to an accident in the actual performance of duty, the member's contributions are refunded. Members whose employment terminates prior to retirement are entitled to a lump-sum distribution of their contribution plus interest thereon.

(dollars in thousands)

3) Net Pension Liability (PRS)

The City's net pension liability for Police System as of June 30, 2015 was measured as of September 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2014.

		Total pension liability (TPL) (a)	Fiduciary net Position (FNP) (b)	Net pension liability (NPL) (a)-(b)
Balances at July 1, 2014	$	895,331	706,277	189,054
Changes for the year:				
Service cost		12,992	—	12,992
Interest		65,906	—	65,906
Difference between expected and actual experience		—	—	—
Change in assumption		6,650	—	6,650
Benefit payments		(60,973)	—	(60,973)
Contributions – employer		—	32,325	(32,325)
Contributions – employee		—	4,438	(4,438)
Net investment income		—	48,095	(48,095)
Benefit payments		—	(60,973)	60,973
Administrative expenses		—	(1,096)	1,096
Net changes		24,575	22,789	1,786
Balances at June 30, 2015	$	919,906	729,066	190,840

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

Date of actuarial valuation	October 1, 2013
Actuarial cost method	
GASB 67 reporting	Entry Age Normal
Funding	Aggregate, reduced by employee contributions
Amortization method/period	None - aggregate is funded over the future working lifetime of current participants
Asset valuation method	5-year smoothed average of market value
Inflation	2.5%
Investment rate of return	7.75%, net of 0.15% administrative expenses
Projected salary increases	3.0% – 6.5%, varying by age
Projected postretirement benefit increases	2.5% maximum per year, cumulative 30% cap
Mortality (Ordinary)	RP-2000 Blue Collar Combined projected to 2018
Mortality (Accidental)	0.03% per year for all ages in addition to ordinary mortality
Mortality (Disabled)	RP-2000 Disabled Retiree Mortality projected to 2018

(dollars in thousands)

The long-term expected rate of return on the Police System investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation as of October 1, 2014, these best estimates are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Fixed income	28%	(0.75)%
Domestic equity	26	4.85
Foreign equity	33	5.25
Non-directional hedge fund of funds	4	2.75
Real estate (REIT)	4	5.35
Private equity (partnerships)	4	9.95
Money market	1	—
Total	100%	

The discount rate used to calculate the present value of future benefit payments for reporting purposes is based upon the projected plan net position (PNP) using actuarial assumptions about contributions, benefit payments, and the long-term rate of return. If the projected PNP is not sufficient to cover projected benefit payments, a blended discount rate is required using both the weighted average of the long-term rate of return and the high grade bond muni-bond rate for periods after the PNP is exhausted. The plan currently uses the long-term discount rate of 7.75% and expects assets will be sufficient to cover PNP until 2057. The muni-bond rate used in the valuation was 4.11% and is based on the Bond Buyers General Obligation 20 Year High Grade Rate Municipal Bond Index (AA/Aa or higher). Since the PNP was projected to be insufficient to make all projected benefit payments of current plan members, a blended discount rate of 7.48% was used to calculate the plan's present value of future benefit payments. The sensitivity of the net pension liability to changes in the discount rate for the year ended June 30, 2015 for the City is as follows:

	Discount rate		Net pension liability
1% decrease	6.48%	$	282,418
Current rate	7.48		190,841
1% increase	8.48		113,881

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

(dollars in thousands)

4) Pension Expense (PRS)

For the fiscal year ended June 30, 2015, the City recognized pension expense of $24,302. Annual pension expense consists of service cost, interest and administrative expenses on the pension liability less employee contributions and projected earnings on pension plan investments. The difference between actual and expected earnings is recorded as a deferred outflow/inflow of resources recognized in pension expense over a five year period. The pension expense for the fiscal year ended June 30, 2015 is summarized as follows:

Service cost	$	12,992
Interest		65,906
Administrative expenses		1,096
Contributions – employee		(4,438)
Projected earnings on pension plan investments		(54,815)
Recognized assumption changes		2,217
Recognized portion of current-period difference between projected and actual earnings on pension plan investments		1,344
Pension expense for year ended June 30, 2015	$	24,302

5) Deferred Outflows/Inflows of Resources Related to Pension (PRS)

In accordance with GASB Statements No. 67 and 68, the City recognizes differences between actual and expected experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, the difference between actual and expected investment returns, changes in proportion, and contributions subsequent to the measurement date as deferred outflows/inflows of resources. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as follows:

		Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual earnings on pension plan investments	$	5,376	—
Change in assumptions		4,434	—
Total	$	9,810	—

(dollars in thousands)

The City recognizes differences between actual and expected investment performance included in deferred outflows/inflows of resources on a straight-line basis over five years. Differences between expected and actual experience on actuarial assumptions are amortized over the average expected remaining service life of the Police System's employees. The following table summarizes the future recognition of these items:

Year ended June 30		Recognition
2016	$	3,561
2017		3,561
2018		1,344
2019		1,344
	$	9,810

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

1) System Description (ERS)

All non-uniformed employees of the City and certain other public entities funded by or providing services to residents of the City become members of the Employees Retirement System upon employment with the exception of employees hired after attaining age 60.

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

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

On June 8, 2000, the Mayor of the City approved an ordinance passed by the Board of Aldermen, authorizing a Deferred Retirement Option Plan (DROP), which became effective January 1, 2001. This plan states that when members reach retirement age, they are allowed to work for five additional years and defer receipt of their retirement allowance. The calculation of average salary for retirement benefits will not include the additional years of service after normal retirement age. The amount that would have been received as retirement benefit is put in a special DROP account monthly. The DROP account will not be adjusted for cost of living increases as the normal retirement benefits are. The DROP account earns interest at the actuarial valuation rate of return and at the 10 year U.S.

(dollars in thousands)

Treasury Bond yield as of September 30, for DROP participants enrolling February 1, 2003 and thereafter. After the member completely terminates employment, the member can withdraw amounts from the DROP account in a lump sum or according to a deferred retirement payment plan.

2) Funding Policy (ERS)

The Employees System's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits due. If contributions are necessary, level percentage of payroll employer contribution rates are determined using the projected unit credit actuarial cost method. Employer contribution rates are established annually by the Board of Trustees of the Employees' System based on an actuarial study. Deductions from plan assets are financed from plan additions. The Board of Trustees established the required employer contributions rate based on active member payroll of 15.17% effective July 1, 2014, and 15.56% of active member payroll effective July 1, 2013.

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

The City's contributions to Employees System for the year ended June 30, 2015 were $30,331.

3) Net Pension Liability (ERS)

The City reported liability of $129,712 for its proportionate share of the net pension liability as of June 30, 2015. The net pension liability was measured as of September 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2014. The City's proportion of the net pension liability was based on the City's share of contributions to the Employee's System relative to the contributions of all Employees' System participating employers. At September 30, 2014, the City's collective proportion was 83.90 percent, which was an increase of 0.73 from its proportion measured as of September 30, 2013.

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

Date of actuarial valuation	October 1, 2013
Actuarial cost method	Entry Age
Amortization method	Rolling 30-year level dollar amortization of unfunded liability
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	3.125%
Discount rate	8.00%
Projected salary increases	varies by age, ranging from 3.50% to 7.017%
Mortality	1994 Group Annuity Mortality Table

(dollars in thousands)

The long-term expected rate of return on the Employees System investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The discount rate used to measure the total pension liability was 8.09%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. For the October 1, 2014 actuarial valuation, an 8.09% discount rate was used. The sensitivity of the net pension liability to changes in the discount rate for the year ended June 30, 2015 for the City is as follows:

	Discount rate	Net pension liability
1% decrease	7.09%	$ 208,197
Current rate	8.09	129,712
1% increase	9.09	62,547

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

4) Pension Expense (ERS)

For the fiscal year ended June 30, 2015, the City recognized pension expense of $14,398. Annual pension expense consists of service cost, interest and administrative expenses on the pension liability less employee contributions and projected earnings on pension plan investments. The difference between actual and expected earnings is recorded as a deferred outflow/inflow of resources recognized in pension expense over a five year period.

(dollars in thousands)

5) Deferred Outflows/Inflows of Resources Related to Pension (ERS)

In accordance with GASB Statements No. 67 and 68, the City recognizes differences between actual and expected experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, the difference between actual and expected investment returns, changes in proportion, and contributions subsequent to the measurement date as deferred outflows/inflows of resources. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as follows:

		Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$	—	2,306
Net difference between projected and actual earnings on pension plan investments		—	7,904
Changes in proportion		70	1,068
Contributions subsequent to the measurement date		21,912	—
Total	$	21,982	11,278

The $21,912 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

The City recognizes differences between actual and expected investment performance included in deferred outflows/inflows of resources on a straight-line basis over five years. Differences between expected and actual experience on actuarial assumptions are amortized over the average expected remaining service life of the Employee System's employees. The following table summarizes the future recognition of these items:

Year ended June 30		Recognition
2016	$	3,077
2017		3,077
2018		3,077
2019		1,977
	$	11,208

e. Component Unit—SLDC

The SLDC Employees Retirement Plan and Trust (SLDC plan) became effective January 1, 1989. Required year-ended June 30, 2015 contributions of $266, which amount to 9% of current covered payroll, were made by SLDC. For the year ended June 30, 2015, SLDC's current covered payroll was $2,957 and total payroll amounted to $3,617. Employees are not required to contribute to the SLDC Plan; however, they can contribute up to 5-½% of their monthly compensation if they so elect. In order to be eligible under the SLDC Plan, the participant must be a full-time employee, have attained the age of 18, and completed at least six months of active service. The employees vest at a rate of 33% per annum with full vesting occurring after the end of their third year of service. The SLDC Plan does not hold any employer or related-party securities. All plan investments are self-directed by the respective plan participants, within the limitations of the plan.

(dollars in thousands)

11. OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description

The City is obligated under Chapter 84.160 RSMo to provide medical and life insurance benefits for former civilian and commissioned Police employees who retire subsequent to 1969. The City provides these other postemployment benefits (OPEB) under a single-employer, defined benefit postemployment plan. The OPEB plan does not issue a separate financial report.

Commissioned Police employees may retire and receive benefits under the OPEB plan after 20 years of creditable service, regardless of age. Civilian Police employees may retire and receive benefits under the OPEB plan after attaining age 55 with 20 years of service, or after attaining age 60 with five years of service. The disability eligibility for officers for a service disability has no minimum age or service requirements and for an ordinary disability is 10 years of service. The disability eligibility for civilians is 5 years of service.

For eligible retired employees and disabled employees under age 65, the OPEB plan pays the full cost of a base healthcare plan. Retirees may elect to pay costs associated with a buy-up healthcare plan, which provides coverage in excess of the base healthcare plan. For eligible retired employees and disabled employees over 65, the OPEB plan pays the costs of a Medicare Supplement Plan. Retirees pay the full cost of spouse healthcare coverage. Additionally, the OPEB plan provides a postretirement death benefit of $3.

The City has elected to have an actuarial valuation performed biennially, unless significant changes occur that affect the results of the most recent valuation. At July 1, 2013, the date of the latest actuarial valuation, plan membership consisted of the following:

Retirees and beneficiaries receiving benefits	1,512
Terminated plan members entitled to, but not yet receiving benefits	81
Active members	1,798
Total plan members	3,391

Funding Policy

Contributions made to the OPEB plan are established and may be amended by the Board of Aldermen. For the year ended June 30, 2015, the City contributed $11,150, which was based upon pay-as-you-go financing requirements.

(dollars in thousands)

Annual Other Postemployment Benefit Cost and Net Other Postemployment Benefit Obligation

The annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The annual required contribution represents a level of funding that, if paid on an on-going basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to plan, and changes in the net OPEB obligation:

Annual required contribution	$	43,260
Interest on net OPEB obligation		4,462
Adjustment to annual required contribution		(7,589)
Annual OPEB cost		40,133
Contribution made		11,150
Increase in net OPEB obligation		28,983
Net OPEB obligation, beginning of year		148,744
Net OPEB obligation, end of year	$	177,727

Historical trend information about the OPEB Plan is as follows:

Fiscal year		Annual OPEB cost (AOC)	Percentage of AOC contributed		Net OPEB obligation
2015	$	40,133	27.8%	$	177,727
2014		39,132	27.4		148,744
2013		39,297	25.2		120,338

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 0% funded. The July 1, 2013 actuarial valuation stated the actuarial accrual liability for benefits was $490,773, and the actuarial value of assets was $0. The covered payroll (annual payroll of active employees covered by the plan) was $88,828, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 552.5%.

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made throughout the future.

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

Actuarial Methods and Assumptions

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

In the July 1, 2013 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions include a 3% discount rate and an annual healthcare cost trend rate of 8.00% for Pre-Medicare and 7% for Post Medicare initially, reduced by decrements to an ultimate rate of 6.00% for Pre- Medicare and 5% for Post-Medicare after eight years. The unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over a 30-year amortization period.

12. DEFERRED COMPENSATION PLAN

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

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employees or other beneficiary) held in trust for the exclusive benefit of the employees. As such, the trust account and related liability are not included in the basic financial statements.

(dollars in thousands)

13. LONG-TERM LIABILITIES

a. Changes in Long-Term Liabilities

Following is a summary of the changes in long-term liabilities for the year ended June 30, 2015:

		Primary government June 30, 2014	Additions	Reductions	Balance June 30, 2015	Due within one year
Governmental activities:						
General obligation bonds payable	$	28,130	—	(5,120)	23,010	3,660
Section 108 Loan Guarantee Assistance Programs		35,580	—	(4,210)	31,370	4,460
Development and Tax increment financing bonds and notes payable		300,321	49,917	(9,896)	340,342	15,563
Loan agreement with MTFC		2,037	—	(482)	1,555	502
Capital lease – rolling stock		24,743	—	(5,012)	19,731	4,543
Certificates of participation		6,110	5,195	(6,110)	5,195	705
Obligations with component unit		51,556	—	(130)	51,426	6,973
Firemen's Retirement EAN Note		3,396	—	(3,396)	—	—
Loan agreement with FPF		4,610	2,080	(1,505)	5,185	95
Leasehold revenue improvement and refunding bonds		470,889	31,695	(67,579)	435,005	20,009
Joint venture financing agreement		37,844	—	(4,410)	33,434	4,589
Unamortized discounts		(4,099)	(11)	587	(3,523)	—
Unamortized premiums		7,745	3,782	(1,086)	10,441	—
Net pension obligation		52,390	—	(52,390)	—	—
Net pension liability		—	358,813	(34,072)	324,741	—
Net OPEB obligation		148,744	40,133	(11,150)	177,727	11,986
Accrued vacation and sick leave		51,841	24,768	(26,306)	50,303	23,794
Claims and judgments payable		45,825	31,797	(27,343)	50,279	23,364
Governmental activities long-term liabilities	$	1,267,662	548,169	(259,610)	1,556,221	120,243

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. Also, for the governmental activities claims and judgments payable, accrued vacation and sick leave benefits, net pension obligations, and landfill closure costs are generally liquidated by the general fund.

(dollars in thousands)

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Business-type activities:					
Airport:					
Revenue bonds payable	$ 764,150	17,310	(55,450)	726,010	39,785
Net pension liability	—	21,528	(4,281)	17,247	—
Net pension obligation	1,707	—	(1,707)	—	—
Pension funding project	5,157	—	(103)	5,054	109
Other	420	—	(24)	396	—
Accrued vacation, compensatory, and sick time benefits	5,135	3,468	(3,030)	5,573	3,468
Unamortized discounts and premiums	34,761	2,584	(5,685)	31,660	—
Unearned lease revenues	5,470	—	(280)	5,190	—
Total airport	816,800	44,890	(70,560)	791,130	43,362
Water Division:					
Revenue bonds payable	4,760	1,547	(4,019)	2,288	404
Customer deposits	1,800	733	—	2,533	—
Net pension liability	—	10,678	(1,671)	9,007	—
Net pension obligation	1,406	—	(1,406)	—	—
Pension funding project	2,999	—	(65)	2,934	—
Accrued vacation and sick time benefits	3,355	285	(201)	3,439	1,858
Total water division	14,320	13,243	(7,362)	20,201	2,262
Parking Division:					
Revenue bonds payable	69,679	6,440	(2,631)	73,488	2,751
Net pension liability	—	2,223	(255)	1,968	—
Net pension obligation	665	—	(665)	—	—
Pension funding project	831	—	(16)	815	—
Other	176	32	(17)	191	—
Unamortized discounts and premiums, net	360	(68)	(27)	265	—
Total parking division	71,711	8,627	(3,611)	76,727	2,751
Business-type activities long-term liabilities	$ 902,831	66,760	(81,533)	888,058	48,375
Less amounts recorded in:					
Accrued salaries and other benefits				(5,326)	(5,326)
Accounts payable and accrued liabilities				(109)	(109)
				$ 882,623	42,940

(dollars in thousands)

b. General Obligation Bonds

Principal and interest requirements are as follows:

		Principal	Interest	Total
Year ending June 30:				
2016	$	3,660	1,064	4,724
2017		3,855	881	4,736
2018		4,040	692	4,732
2019		4,235	502	4,737
2020		885	297	1,182
2021 – 2025		5,145	911	6,056
2026		1,190	50	1,240
	$	23,010	4,397	27,407

c. Section 108 Loan Guarantee Assistance Programs

Principal and interest requirements for the combined Section 108 program notes are as follows:

		Principal	Interest	Total
Year ending June 30:				
2016	$	4,460	516	4,976
2017		4,750	467	5,217
2018		5,050	399	5,449
2019		5,360	312	5,672
2020		5,700	207	5,907
2021		6,050	74	6,124
	$	31,370	1,975	33,345

d. Development and Tax Increment Financing Bond and Notes Payable

The City issued $49,917 in TIF bonds and notes payable during fiscal year 2015.

On March 11, 2015, the City issued $5,050 in Industrial Development Authority of the City of St. Louis, Missouri Tax Increment Refunding Revenue Bonds, Series 2015 payable in varying amount through 2023 with an interest rate of 3.00%. These were issued to advance refund $2,405 of the Industrial Authority's Tax Increment Refunding Revenue Bonds Series 2006 and alleviate a portion of the City's Tax-Exempt Subordinate Tax Increment Revenue Note, Series 2006 and its Taxable Subordinate Tax Increment Revenue Note Series 2006 (principal of $1,037 and accrued interest of $2,132).

(dollars in thousands)

Principal and interest requirements for the development and tax increment financing debt issues are as follows:

		TIF Bonds and Notes Principal	Interest	Total
Year ending June 30:				
2016	$	15,563	22,316	37,879
2017		16,557	21,322	37,879
2018		17,600	20,345	37,945
2019		18,728	19,216	37,944
2020		19,931	18,014	37,945
2021 – 2025		113,261	69,479	182,740
2026 – 2030		94,915	32,762	127,677
2031 – 2035		29,890	10,750	40,640
2036 – 2040		7,349	3,947	11,296
2041 – 2045		6,548	1,651	8,199
	$	340,342	219,802	560,144

e. Loan Agreement With Missouri Transportation Finance Corporation (MTFC)

Principal and interest requirements under the loan agreement with the MTFC are as follows:

		Principal	Interest	Total
Year ending June 30:				
2016	$	502	65	567
2017		523	44	567
2018		530	22	552
	$	1,555	131	1,686

f. Capital Lease—Rolling Stock

The following is a schedule of future minimum lease payments as of June 30, 2015.

Year ending June 30:		
2016	$	5,023
2017		4,572
2018		4,572
2019		4,104
2020		2,749
Total future minimum lease payments		21,020
Amount representing interest		(1,289)
Present value of net minimum lease payments	$	19,731

(dollars in thousands)

g. Certificates of Participation

The City has a master lease agreement with SLDC, whereby the City has leased Stadium East Redevelopment Project and related property and portions of the City Block 210 (the Kiel Premises) to SLDC. On April 16, 2015, the SLMFC issued $5,195 in Refunding Lease Certificates of Participation; Series 2015 with an average interest rate of 3.0% to advance refund $5,455 of the Lease Certificates of Participation, Series 2008 with an average interest rate of 4.3%. The net proceeds of $5,537 (after the addition of $204 premium and $911 prior debt service reserves less payment of $233 in issuance costs were deposited with the escrow agent under the escrow deposit agreement and, together with interest earnings thereon, were applied to the payment of principal and interest on the Series 2008 Certificates of Participation. The current and advance refunding decrease the total debt service payment of the Series 2015 payment by $617 and results in an economic gain (difference between present value of old and new debt service payments) of $212. As a result, the Series 2008 Certificates of Participation are considered to be defeased, and the liability removed from the financial statements.

The following is a schedule, by years, of the future minimum payments together with the present value of the net minimum payments for the obligation, which supports the Kiel Premises, as of June 30, 2015.

Year ending June 30:		
2016	$	808
2017		803
2018		821
2019		821
2020		816
2021 – 2022		1,636
Total future minimum obligation payments		5,705
Amount representing interest		(510)
Present value of net minimum obligation payments	$	5,195

No capital assets are recorded by the City on its statement of net position in conjunction with this obligation due to the proceeds being used for demolition and site preparation.

h. Obligations with Component Unit

1) Convention Center – SLDC Series 2000 Bonds

In 2000, SLDC issued Series 2000 Compound Interest Leasehold Revenue Bonds (Series 2000 Bonds) in the amount of $40,000 for the purpose of providing funding for the construction of a convention center hotel within the vicinity of the Convention Center. Under the Agreement, SLMFC has assigned its rights under the lease relative to the Series 2000 Bonds to SLDC. The City is required, beginning on July 15, 2011, to make lease payments to SLDC to fund the annual debt service payments for the Series 2000 Bonds.

(dollars in thousands)

The following is a schedule, by years, of the future minimum payments together with the present value of the net minimum payments for the obligation as of June 30, 2015.

Year ending June 30:		
2016	$	15,295
2017		15,295
2018		15,295
2019		15,295
2020 – 2021		30,590
Total future minimum obligation payments		91,770
Amount representing interest		(56,480)
Present value of net minimum obligation payments	$	35,290

No capital assets are recorded by the City on its statement of net position in conjunction with this obligation due to the proceeds of this obligation being used for construction of a convention center hotel that is not owned by the City.

2) 600 Washington Project – SLDC Series 2010 Bonds

On March 5, 2010, The Land Clearance for Redevelopment Authority (LCRA) issued $16,960 Recovery Zone Facility Special Obligation Redevelopment Bonds Series 2010 (LCRA Series 2010 bonds) for the 600 Washington Project, a contractual obligation of the City.

The following is a schedule, by years, of the future minimum payments together with the present value of the net minimum payments for the obligation as of June 30, 2015.

Year ending June 30:		
2016	$	961
2017		983
2018		1,008
2019		1,028
2020		1,058
2021 – 2025		5,687
2026 – 2030		6,552
2031 – 2035		7,549
2036 – 2040		7,351
Total future minimum obligation payments		32,177
Amount representing interest		(16,041)
Present value of net minimum obligation payments	$	16,136

(dollars in thousands)

i. Loan agreement with Forest Park Forever

During fiscal year 2015, the SLMFC issued $2,080 in additional Forest Park Taxable Subordinate Leasehold Revenue Bonds.

		Principal	Interest	Total
Year ending June 30:				
2016	$	95	237	332
2017		99	233	332
2018		104	228	332
2019		108	223	331
2020		114	218	332
2021-2025		651	1,009	1,660
2026-2030		814	846	1,660
2031-2035		1,017	642	1,659
2036-2040		1,272	388	1,660
2041-2043		911	85	996
	$	5,185	4,109	9,294

14. LEASEHOLD REVENUE IMPROVEMENT AND REFUNDING BONDS

a. Pension Funding Project 2007

The long-term liability for the Employees' System portion of the Pension Funding Project Series 2007 debt is reflected as a long-term liability within the accompanying basic financial statements as follows as of June 30, 2015:

Governmental activities	$	35,791
Business-type activities		8,868
	$	44,659

b. Convention Center and Forest Park

On February 5, 2015, the SLMFC issued $23,905 in Convention Center Refunding and Improvement Projects Leasehold Revenue Bonds, Series 2015 with an average interest rate of 4.104% to advance refund $21,850 of the Leasehold Revenue Bonds, Series 2008 with an average interest rate of 5.399%. The net proceeds of $23,960 (after the addition of $2,894 premium and $2,138 prior debt service reserves less payment of $293 in issuance costs were deposited with the escrow agent under the escrow deposit agreement and, together with interest earnings thereon, were applied to the payment of principal and interest on the Leasehold Revenue Bonds, Series 2008. The current and advance refunding decrease the total debt service payment of the Series 2015 payment by $3,338 and results in an economic gain (difference between present value of old and new debt service payments) of $2,756. As a result, the Series 2008 Convention Center Leasehold Revenue Bonds are considered to be defeased, and the liability removed from the financial statements. Included in the financing is an additional $2,000 was borrowed for Convention Center improvements.

(dollars in thousands)

On March 4, 2015, the SLMFC issued $7,790 in Forest Park Leasehold Revenue Refunding Bonds, Series 2015 Bonds, with an average interest rate of 3.94% to advance refund $8,105 of the Forest Park Leasehold Revenue Bonds, Series 2004 with an average interest rate of 4.38%. The net proceeds of $8,150 (after the addition of $684 premium less payment of $324 in issuance costs were deposited with the escrow agent under the escrow deposit agreement and, together with interest earnings thereon, were applied to the payment of principal and interest on the Leasehold Revenue Bonds, Series 2004. The current and advance refunding decrease the total debt service payment of the Series 2015 payment by $536 and results in an economic gain (difference between present value of old and new debt service payments) of $502. As a result, the Series 2004 Forest Park Leasehold Revenue Bonds are considered to be defeased, and the liability removed from the financial statements.

Principal and Interest Requirements

Principal and interest requirements for the Leasehold Revenue Improvement and Refunding Bonds are as follows:

	City Parks		Convention Center	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2016	$ 500	1,104	$ 185	2,196
2017	515	1,089	135	2,247
2018	530	1,074	140	2,243
2019	555	1,052	145	2,239
2020	575	1,030	145	2,235
2021-2025	3,295	4,736	33,386	39,695
2026-2030	4,035	3,996	35,812	52,565
2031-2035	4,915	3,112	22,710	65,806
2036 – 2039	6,185	1,849	31,998	41,303
2040 – 2043	4,455	361	—	—
	$ 25,560	19,403	$ 124,656	210,529

	Justice Center		Forest Park	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2016	$ 9,030	1,587	$ 980	312
2017	9,485	1,135	1,015	281
2018	9,920	697	1,065	230
2019	3,630	218	1,105	187
2020	1,790	72	1,150	143
2021 – 2025	—	—	2,475	111
	$ 33,855	3,709	$ 7,790	1,264

(dollars in thousands)

	Carnahan Courthouse		Abram Building (1520 Market Street)	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2016	$ 1,330	853	$ 1,381	209
2017	1,385	800	1,484	162
2018	1,440	744	1,036	118
2019	1,495	687	1,067	88
2020	1,555	627	1,098	57
2021 – 2025	8,775	2,135	1,130	25
2026 – 2030	4,710	316	—	—
	$ 20,690	6,162	$ 7,196	659

	Recreation sales tax		Police Capital Improvement sales tax	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2016	$ 1,155	2,084	$ 340	970
2017	1,185	2,036	350	958
2018	1,280	1,985	365	944
2019	1,335	1,931	380	930
2020	1,380	1,864	395	915
2021 – 2025	8,030	8,299	4,435	4,108
2026 – 2030	10,105	6,230	5,515	3,030
2031 – 2035	12,835	3,507	6,870	1,677
2036 – 2037	6,075	459	3,200	218
	$ 43,380	28,395	$ 21,850	13,750

	Public safety sales tax Pension funding project 2008		Juvenile detention center	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2016	$ 1,930	494	$ 585	961
2017	2,045	380	610	938
2018	2,165	261	635	914
2019	2,290	134	660	888
2020			685	862
2021 – 2025	—	—	3,860	3,869
2026 – 2030	—	—	4,775	2,958
2031 – 2035	—	—	5,950	1,783
2036 – 2038	—	—	4,250	388
	$ 8,430	1,269	$ 22,010	13,561

(dollars in thousands)

		Pension funding project	
		Principal	Interest
Year ending June 30:			
2016	$	2,785	8,349
2017		2,970	8,169
2018		3,160	7,976
2019		3,365	7,770
2020		3,585	7,551
2021 – 2025		21,735	33,943
2026 – 2030		29,780	25,900
2031 – 2035		40,800	14,879
2036 – 2040		20,275	1,998
	$	128,455	116,535

15. JOINT VENTURE FINANCING AGREEMENT

In April 1990, the St. Louis Regional Convention and Sports Complex Authority (Authority) was established as a separate legal entity by an act of the Missouri State legislature to acquire, purchase, or lease, and construct, operate, and maintain convention centers, sports stadiums, field houses, indoor and outdoor convention, recreational, and entertainment facilities, and to do all things incidental or necessary to facilitate these purposes.

The Authority entered into a Project Financing Construction and Operation Agreement (Financing Agreement) dated August 1, 1991 with the City, State, and County (collectively, the Sponsors) providing for the application of the proceeds of Project Bonds, for the repayment of the Project Bonds, and for the operation and maintenance of the Project. On August 1 and February 1 of each year, the City is obligated (subject to appropriations) to make rental payments of $2,500 and preservation payments of $500 regardless of the principal and interest payments due.

At June 30, 2015, the City's obligation for the Series C Bonds and net preservation payments (after deposits to the bond fund) payable from the general fund under the Financing Agreement is as follows:

		Principal	Interest	Preservation payments	Total
Year ending June 30:					
2016	$	3,490	1,411	1,099	6,000
2017		3,670	1,223	1,107	6,000
2018		3,865	1,025	1,110	6,000
2019		4,070	817	1,113	6,000
2020		4,280	598	1,122	6,000
2021 – 2022		9,245	491	(736)	9,000
	$	28,620	5,565	4,815	39,000

(dollars in thousands)

16. COMPONENT UNIT—LONG-TERM LIABILITIES

a. Component Unit – SLDC Long-Term Liabilities

The following is a summary of changes in long-term liabilities for SLDC for the year ended June 30, 2015:

		June 30, 2014	Additions	Reductions	June 30, 2015	Within One Year
Due to other governmental agencies	$	5,234	609	(1,117)	4,726	4,726
Notes payable		28,578	—	(5,919)	22,659	4,694
Other liabilities		12,897	15,884	(19,596)	9,185	2,354
	$	46,709	16,493	(26,632)	36,570	11,774

Maturities on bank and other notes payable are as follows:

		Principal	Interest	Total
Year ending June 30:				
2016	$	4,694	801	5,495
2017		444	716	1,160
2018		465	695	1,160
2019		485	673	1,158
2020		13,681	311	13,992
2021 – 2030		2,890	664	3,554
	$	22,659	3,860	26,519

(dollars in thousands)

17. REVENUE BONDS PAYABLE

a. Airport

Bonds outstanding at June 30, 2015 are summarized as follows:

Bond Series 2005, interest rate of 5.50%, payable in varying amounts through 2032	$	244,525
Bond Series 2007A, interest rate ranging from 4.25% to 5.25%, payable in varying amounts through 2033		193,505
Bond Series 2007B, interest rate of 5.00%, payable in varying amounts through 2028		104,735
Bond Series 2009A, interest rate ranging from 5.125% to 6.625%, payable in varying amounts through 2035		107,240
Bond Series 2011AB, interest rate of 5.00%, payable in varying amounts through 2016		5,750
Bond Series 2012, interest rate ranging from 3.00% to 5.00%, payable in varying amounts through 2033		27,275
Bond Series 2013, interest rate ranging from 2.00% to 5.00%, payable in varying amounts through 2019		25,670
Bond Series 2015, interest rate of 5.00%, payable in varying amounts through 2024		17,310
		726,010
Less:		
Current maturities		(39,785)
Unamortized discounts and premiums		31,660
		(8,125)
	$	717,885

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

On June 30, 2015, the Airport issued $17,310 in Series 2015 Revenue Refunding Bonds payable in varying amounts from 2020 through 2024 with an interest rate of 5.00%. At June 30, 2015, $17,890 of 2005 Series Revenue Refunding bonds are considered defeased. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements.

The Airport completed the advance refunding to reduce its total debt service payments over the next 8 years by $3,064 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of $2,102.

(dollars in thousands)

As of June 30, 2015, the Airport's aggregate debt service requirements for the next five years and in five-year increments thereafter are as follows:

		Principal	Interest	Total
Year(s) ending June 30:				
2016	$	39,785	37,117	76,902
2017		38,400	35,522	73,922
2018		40,475	33,446	73,921
2019		42,585	31,254	73,839
2020		36,150	29,175	65,325
2021 – 2025		197,360	116,041	313,401
2026 – 2030		210,130	62,507	272,637
2031 – 2035		121,125	11,909	133,034
	$	726,010	356,971	1,082,981

In prior years, the Airport advance refunded various Airport Revenue Bonds by placing funds in an irrevocable trust to provide for all future debt service payments on these bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements. At June 30, 2015, $17,890 of these outstanding bonds related to the 2005 Series is considered defeased.

b. Water Division

Water revenue bonds outstanding at June 30, 2015 are payable solely from and secured by, a pledge of net revenues from the operation of the Water Division and are as follows:

Series 2013 Water Revenue Refunding Bonds, 1.56%, drawdown loan, payable in varying amounts through January 1, 2034	$	2,288
Less:		
Current maturities		(404)
	$	1,884

Series 2013 Water Revenue Bonds

In November 2013, the Water Division issued $9,500 (not to exceed) in Water Revenue Bonds (Series 2013 Bonds) through the Missouri Department of National Resources Direct Loan Program. This bond issue is a drawdown loan with a fixed interest rate of 1.56% to fund various projects at the water treatment plants and throughout the distribution system. At June 30, 2015, the Water Division has drawn down a total of $2,487 of the loan.

(dollars in thousands)

Debt Service Requirements

Debt service requirements to maturity of the 2013 Series Water Revenue Bonds are as follows:

		Principal	Interest	Total
For the year ending June 30:				
2016	$	404	36	440
2017		412	29	441
2018		422	23	445
2019		430	16	446
2020		439	10	449
2021		181	3	184
	$	2,288	117	2,405

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

c. Parking Division

Revenue bonds outstanding at June 30, 2015 are as follows:

SLPCFC Series 2003A tax-exempt revenue bonds, interest rates variable, not to exceed 12%, payable in varying amounts through 2028	$	2,585
SLPCFC Series 2003B taxable revenue bonds interest rates variable, not to exceed 5%, payable in varying amounts through 2038		5,935
Series 2006 revenue bonds interest ranging from 3.75% to 5.14% payable in varying amounts through 2032		46,250
Series 2007 revenue bonds interest ranging from 4.125% to 6.00% payable in varying amounts through 2034		10,945
Series 2013A subordinated parking revenue bond interest rates variable, not to exceed 2.30%, payable in varying amounts through 2022		1,333
Series 2015A subordinated parking revenue bond interest rates variable, not to exceed 3.50%, payable in varying amounts through 2032		6,440
		73,488
Less:		
Current portion of revenue bonds payable		(2,750)
Unamortized discount and premium		265
	$	71,003

(dollars in thousands)

Debt service requirements of the revenue bonds at June 30, 2015 are as follows:

		Principal	Interest	Total
Year ending June 30:				
2016	$	2,751	3,217	5,968
2017		3,200	3,070	6,270
2018		3,321	2,952	6,273
2019		3,454	2,814	6,268
2020 – 2024		19,226	11,702	30,928
2025 – 2029		21,402	7,374	28,776
2030 – 2034		18,439	2,077	20,516
2035 – 2039		1,695	210	1,905
	$	73,488	33,416	106,904

18. PLEDGED REVENUES

The City has pledged specific revenue streams to secure the repayment of certain outstanding debt issues. The following narratives list those revenues by source along with the general purpose of the debt, the amount of the pledge remaining, the term of the pledge commitment, the amount of pledged revenue collected during the current fiscal year, and the approximate percentage of the revenue stream that has been committed, if estimable:

a. Governmental activities

The City has pledged an ad valorem tax levied upon all taxable, tangible property, real and personal (property tax revenue) related to various general obligation revenue bonds. The general purpose of the various general obligation revenue bonds is the purpose of refunding renovation of fire and police buildings and demolition of unsafe or condemned buildings and communications equipment for fire police and EMS and police infrastructure improvements. The bonds are payable, in part, from a tax rate that is set annually based on revenue required to pay debt. The term of commitments related to such pledged revenues vary by issuances and extend to fiscal year 2026. Annual principal and interest payments on the bonds are expected to require 100% of estimated related net revenues. As of June 30, 2015, the total principal and interest remaining to be paid on the debt is $27,407. Principal and interest paid was $6,421 for the year ended June 30, 2015. The pledged net revenue recognized for the year ended June 30, 2014 was $6,599. During fiscal year 2015, the proportion of pledged revenues needed for debt service to revenues collected was 100%.

The City has pledged all payments in lieu of taxes (PILOTs) and fifty per cent of the economic activity taxes (EATS) captured in specified TIF districts to pay debt outstanding. The general purpose of the TIFS is to assist in development of blighted properties. The debt outstanding is payable from the related pledged revenues through year 2036. Annual principal and interest outstanding on the various TIF bonds and notes outstanding is paid based on the amount of revenue captured in each particular district. It has also been pledged to pay debt on the Section 108 Loan for the Convention Center Hotel and the 600 Washington obligation with component unit. Annual principal and interest payments on the bonds are expected to require 100% of estimated related net revenues. As of June 30, 2015, the total principal and interest remaining is $616,770. Principal and interest paid was $33,248 for the year ended June 30, 2015. The pledged net revenue recognized for the year ended June 30, 2015 was $28,922. During fiscal year 2015, the proportion of pledged revenues needed to revenues collected was 100%.

A $45 (in dollars) surcharge on civil cases in the circuit court is imposed by state statute to be used for courthouse restoration. A city ordinance also imposes a $5 (in dollars) court cost on all municipal ordinance violation cases to be used for courthouse restoration. The funds are used as pledges for the Civil Court and Carnahan Courthouse Leasehold Revenue Refunding Bond Series, with purposes of financing renovations at the Civil Courts building and the Carnahan Courthouse, respectively. The term of commitment related to such pledged revenues extend to fiscal year 2027. Annual principal and interest payments on the bonds are expected to require 100% of estimated related net revenues. As of June 30, 2015, the total principal and interest remaining on these financings is $26,852. Principal and interest paid was $4,921 for the year ended June 30, 2015. The pledged net revenue recognized for the year ended June 30, 2015 was $1,237. During fiscal year 2015, the proportion of pledged revenues needed to revenues collected was 100%.

The City has pledged State per diem prisoner reimbursements for boarding of State prisoners to Justice Center debt issuances. The purpose of the financings was to construct a new Justice Center. The term of commitment related to such pledged revenues extend to fiscal year 2020. Annual principal and interest payments on the bonds are expected to require 100% of estimated related net revenues. As of June 30, 2015, total principal and interest remaining on the debt is $37,564. Principal and interest paid was $10,623 for the year ended June 30, 2015. The pledged net revenue recognized for the year ended June 30, 2015 was $6,322. During fiscal year 2015, the proportion of pledged revenues needed to revenues collected was 100%.

The City has pledged a portion of the one half cent capital improvement sales tax to fund the Forest Park Leasehold Revenue Refunding Bonds, whose purpose was to finance improvements to Forest Park. As legally committed by ordinance, 10.4% of the revenue collected from this sales tax is allocated for Forest Park. The annual debt payment is appropriated from this source of funds. The term of commitment related to such pledged revenues extend to fiscal year 2022. Annual principal and interest payments on the bonds are expected to require less than 80% of estimated related net revenues. Forest Park Taxable Subordinate Leasehold Revenue Bonds issued pledge the remainder of the tax as well as any revenue generated in the park. As of June 30, 2015, total principal and interest remaining on the debt is $18,348. Principal and interest paid was $3,089 for the year ended June 30, 2015. The pledged net revenue recognized for the year ended June 30, 2015 was $3,087. During fiscal year 2015, the proportion of pledged revenues needed to revenues collected was 100%.

The City has pledged the one eighth cent parks and recreation sales tax to fund the Recreation Sales Tax Leasehold Revenue Bonds Revenue Bonds whose purpose was the construction of two new recreation centers. The annual debt payment is appropriated from this source of funds. The term of commitment related to such pledged revenues extend to fiscal year 2037. Annual principal and interest payments on the bonds are expected to require less than 80% of estimated related net revenues. As of June 30, 2015, total principal and interest remaining on the debt is $71,775. Principal and interest paid was $3,239 for the year ended June 30, 2015. The pledged net revenue recognized for the year ended June 30, 2015 was $4,886. During fiscal year 2015, the proportion of pledged revenues needed to revenues collected was 66.3%.

The City has pledged a portion of the one half cent capital improvement sales tax to fund the Police Capital Improvements Sales Tax Leasehold Revenue Bonds Series 2007, whose purpose was capital improvements to police buildings and certain interoperable communications equipment to be used by the police, fire and EMS. As legally committed by ordinance, 10% of the revenue collected from this sales tax is allocated for police capital improvements. The annual debt payment is appropriated from this source of funds. The term of commitment related to such pledged revenues extend to fiscal year 2037. Annual principal and interest payments on the bonds are expected to require less than 90% of estimated related net revenues. As of June 30, 2015, total principal and interest remaining on the debt is $35,600. Principal and interest paid was $1,308 for the year ended June 30, 2015. The pledged net revenue recognized for the year ended June 30, 2015 was $1,863. During fiscal year 2015, the proportion of pledged revenues needed to revenues collected was 70.2%.

Sales tax revenues dedicated to City Parks have been pledged to pay debt outstanding on the City Parks Leasehold Improvement Dedicated Revenue Bonds. Debt payments will be made from dedicated revenues for parks in the Capital Improvement Sales Tax, Metropolitan Park and Recreation District Capital Improvement Sales Tax, and Arch-Metro Parks Sales Tax. Annual principal and interest payments on the bonds are expected to require less than 75% of estimated related revenues. As of June 30, 2015, total principal and interest remaining on the debt is $44,963. Principal and interest paid was $1,607 for the year ended June 30, 2015. The pledged net revenue recognized for the year ended June 30, 2015 was $3,104. During fiscal year 2015, the proportion of pledged revenues needed to revenue collected was 51.8%.

The City has pledged all payments in lieu of taxes (PILOTs) and fifty per cent of the economic activity taxes (EATS) captured in the Argyle TIF district to pay debt outstanding on a portion of the Parking Revenue Bonds Series 2006 associated with the Argyle parking garage construction. The term of commitment related to such pledged revenues extend to fiscal year 2022. Annual principal and interest payments on the bonds are expected to require less than 100% of estimated related net revenues. As of June 30, 2015, total principal and interest outstanding on this portion of the debt is $6,918. The pledged net revenue recognized for the year ended June 30, 2015 related to the collection of PILOTs and EATs was $1,586. During fiscal year 2015, the proportion of pledged revenues needed to revenues collected was 100%.

The City has pledged all payments in lieu of taxes (PILOTs) and fifty per cent of the economic activity taxes (EATS) captured in the Euclid-Buckingham TIF district to pay debt outstanding on a portion of the Parking Revenue Bonds Series 2006 associated with the Euclid-Buckingham parking garage construction. The term of commitment related to such pledged revenues extend to fiscal year 2022. Annual principal and interest payments on the bonds are expected to require less than 100% of estimated related net revenues. As of June 30, 2015, total principal and interest outstanding on this portion of the debt is $8,494. The pledged net revenue recognized for the year ended June 30, 2015 related to the collection of PILOTs and EATs was $307. During fiscal year 2015, the proportion of pledged revenues needed to revenues collected was 100%.

The City has pledged general fund police parking ticket revenues to the Parking Revenue Bonds Series 2006 and Series 2007 in parity with the Parking Division to make up any shortfall of other committed sources. The term of commitment related to such pledged revenues extend to fiscal year 2038. As of June 30, 2015, total principal and interest remaining on the debt is $46,719. During fiscal year 2015, revenue from the police parking ticket revenues totaled $588. During fiscal year 2015, none of general fund revenues were used to meet the debt service requirements and the Parking Division has a payable to the City for this payment. See note 18b.

b. Business-type activities

Airport

The Airport has pledged future specific revenue streams, net of specified operating expenses, to secure the repayment of $726,010 in various long-term debt issuances, as outlined in note 18. The general purpose of the various long-term debt issuances is for land acquisition and construction of the capital assets at the Airport. The bonds are payable from Airport net revenues and are payable through July 2034. Annual principal and interest payments on the bonds are expected to require less than 80% of estimated Airport net revenues. As of June 30, 2015, the total principal and interest remaining to be paid on the bonds is $1,082,981. Principal and interest paid was $77,017 for the year ended June 30, 2015. The pledged net revenue recognized for the year ended June 30, 2015 was $96,274.

Water

The Water Division has pledged specific revenue streams to secure the repayment of Series 2013 Bonds. As of June 30, 2015, the remaining principal and interest requirement is $2,405 payable through January 2021 (fiscal year 2021). Principal and interest paid for the Series 2013 Bonds was $4,062. The proportion of pledged revenue to revenue collected is estimated at 7.5% at June 30, 2015. The pledged net revenue recognized for the year ended June 30, 2015 was $53,842.

Parking

The Parking Division has pledged specific net Parking Division project revenues and net Parking Division revenues, net of specified operating expenses, to secure the repayment of the City of St. Louis Parking Revenue Bonds, Series 2006, 2007, 2013A, and 2015A. The general purpose of the bonds is to build parking facilities in the City. As of June 30, 2015 the remaining principal and interest requirement is $93,438 payable through fiscal year 2034. Principal and interest paid for the Series 2006, 2007, 2013A, and 2015A Parking Revenue Bonds was $4,803 for the year ended June 30, 2015. The pledged net revenue recognized for the year ended June 30, 2015 was $9,767.

(dollars in thousands)

19. SHORT-TERM DEBT

a. City

The City issued $65,000 of general fund Tax and Revenue Anticipation notes dated July 10, 2014 and redeemed May 29, 2015. The purpose of the notes is to improve cash flow to allow more prompt vendor payments and encourage additional vendors to bid on City business.

Short-term debt activity for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Issued	Redeemed	Balance June 30, 2015
Tax and revenue anticipation notes	$ —	65,000	(65,000)	—
	$ —	65,000	(65,000)	—

20. OPERATING LEASES

a. At June 30, 2015, the City was committed under miscellaneous operating leases for office space and equipment. Future minimum base rental payments under terms of the operating leases are as follows:

Year ending June 30:	
2016	$ 871
2017	720
2018	534
2019	235
2020	53
2021 – 2025	250
2026 – 2030	167
	$ 2,830

Rental and lease expenditures for the fiscal year 2015 totaled $3,332.

b. Airport – Use Agreements and Leases with Signatory Air Carriers

Effective July 1, 2011, the Airport entered into long-term use and lease agreements with signatory air carriers that will expire on June 30, 2016. Under the terms of the use and lease agreements, the air carriers have agreed to pay airfield landing fees; terminal and concourse rentals; hangar, cargo, and maintenance facility rentals; and certain miscellaneous charges in consideration for use of the Airport. The use and lease agreements also require the Airport to make certain capital improvements and to provide maintenance of certain Airport facilities. Payments by the air carriers are determined as follows:

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

(dollars in thousands)

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

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

During fiscal year 2015, revenues from signatory air carriers accounted for 53.1% of total Airport operating revenues.

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

The following is a summary of aviation revenue by category and source from signatory and non-signatory air carriers for the year ended June 30, 2015:

		Signatory	Non-signatory	Total
Airfield	$	51,409	13,086	64,495
Terminal and concourses		22,473	2,492	24,965
Hangars and other buildings		509	602	1,111
Cargo buildings		127	230	357
	$	74,518	16,410	90,928

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

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

(dollars in thousands)

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

Year(s) ending June 30:		
2016	$	22,837
2017		22,091
2018		21,836
2019		21,619
2020		16,281
2021 – 2025		26,669
2026 – 2030		11,391
2031 – 2035		7,324
2036 – 2039		62
Total minimum future rentals	$	150,110

The above amounts do not include contingent rentals that may be received under certain leases. Such contingent rentals amounted to $4,197 for the year ended June 30, 2015.

Unearned lease revenues included in Airport other long-term liabilities in the amount of $5,190 as of June 30, 2015 represent the up front lease revenues received by the Airport for the lease of certain land.

The Airport leases computer and other equipment and has service agreements under non-cancelable arrangements that expire at various dates through 2018. Expenses for operating leases and service agreements were $67 for the year ended June 30, 2015. Future minimum payments are as follows:

Year ending June 30:		
2016	$	40
2017		22
2018		9
2019		3
Total minimum future rentals	$	74

c. Component Unit—SLDC

During the year ended June 30, 2011, SLDC signed a sub-lease agreement with the City that commenced March 1, 2012 until June 30, 2031 with rental payments of $620 per year for the first 10 years and variable amounts for the remaining 10 years. SLDC also has sublease agreeements with Community Development Agency (CDA), Affordable Housing Commission (AFC), and Planning and Urban Design Development Agency (PDA) and in effect through June 30, 2031.

(dollars in thousands)

Future minimum base rents under the terms of the lease agreements net of sublease rents anticipated from CDA and PDA as of June 30, 2015 are as follows:

Year ending June 30:		
2016	$	335
2017		336
2018		335
2019		336
2020 – 2021		671
	$	2,013

Additionally, at June 30, 2015, SLDC was committed through a 25-year operating lease with the City, which requires annual rental payments of $1 (in dollars) for property at the City terminal site. Under the lease agreement, SLDC shall make improvements to the leased premises and award subleases for all or a portion of the leased premises. Sublease revenue is retained by SLDC for use at the terminal site.

21. INTERFUND BALANCES

Individual fund interfund receivable and payable balances as of June 30, 2015 are as follows:

Receivable fund	Payable fund		Amount
General fund	Special revenue—Grants fund	$	3,836
	Enterprise:		
	Airport		1,730
	Water Division		1,187
	Parking Division		1,492
			8,245
Other governmental nonmajor funds	General fund		3,168
	Capital projects fund		451
	Other governmental nonmajor funds		1,118
			4,737
Internal service funds	General fund		743
	Other governmental nonmajor funds		4
	Special revenue—Grants fund		1
	Enterprise:		
	Airport		2,543
	Water Division		2,642
	Parking Division		248
			6,181
		$	19,163

(dollars in thousands)

All of these interfund balances are due to either timing differences or due to the elimination of negative cash balances within the various funds. All interfund balances are expected to be repaid during the fiscal year ending June 30, 2015.

Advances to/from other funds as of June 30, 2015 are as follows:

Advance from	Advance to	Amount
General fund	Internal Service Fund	$ 40,917

22. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2015 consisted of the following:

		Transfer To					
		General Fund	Capital Projects Fund	Grants Fund	Other Govern-mental Funds	Parking Division	Total
	General fund	$ —	11,333	8	1,850	—	13,191
	Capital Projects fund	39	—	5	14	—	58
Transfer	Other Governmental funds	28,330	8,971	—	811	964	39,076
From	Grants fund	2	—	—	—	—	2
	Parking	1,061	—	—	—	—	1,061
	Airport	6,407	—	—	—	—	6,407
	Water Division	3,115	—	—	—	—	3,115
		$ 38,954	20,304	13	2,675	964	62,910

Interfund transfers were used to: (1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance capital improvements and other funds in accordance with budgetary authorization, or (3) move revenues in excess of current year expenditures to other funds. Additionally, gross receipt payments from the Airport and the Water Division are handled as transfers from each respective enterprise fund to the general fund.

23. COMMITMENTS AND CONTINGENCIES

a. Grants

In connection with various federal, state, and local grant programs, the City is obligated to administer related programs and spend the grant moneys in accordance with regulatory restrictions and is subject to audit by the grantor agencies. In cases of noncompliance, the agencies involved may require the City to refund program moneys. Through June 30, 2015, claims have been made on the City to make refunds under certain programs and other programs are still open as to compliance determination by the respective agencies. In the opinion of City officials, settlement of these matters will not result in a material liability to the City.

SLPD was exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. A number of legal suits originally against SLPD are presently pending for alleged wrongful personal injuries, civil rights violations, and negligence in the line of duty.

During fiscal year 2005, the Court of Appeals for the State of Missouri affirmed that under Missouri State Statutes, Chapter 84, the SLPD was an agency of the state. As an agency of the state, the SLPD was covered by the State of Missouri's legal expense fund for most general liability and various other claims and legal actions occurring prior to August 28, 2005. On August 28, 2005, Missouri legislation became effective modifying the coverage provided to the SLPD by the State of Missouri for general liability and various other claims and legal actions. State of Missouri Bill No. 420 provides that the State of Missouri was liable annually for funding general liability claims on an equal share basis per claim with the Public Facilities Protection Corporation (PFPC), an internal service fund of the City, up to a maximum of $1,000. The SLPD was covered by PFPC for most self-insured risks, including general liability and various other claims and legal actions, exceeding the limitations set forth by the enacted legislation. Of these suits, $3,590 is included in the self-insurance claim liability of $50,279 and $11,886 is included as the estimate of reasonably possible within the $18,868. Discussions are occurring between the City and the State of Missouri as to who is liable for certain suits that occurred prior to July 1, 2013 and also prior to August 28, 2005.

b. Commitments

At June 30, 2015, the City had outstanding commitments amounting to approximately $10,423, resulting primarily from service agreements.

Additionally, at June 30, 2015, the Airport had outstanding commitments amounting to approximately $20,228 resulting primarily from contracts for construction projects. In addition, the Airport has $38,976 in outstanding commitments resulting from service agreements.

c. Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrances outstanding at year end are not accounted for as expenditures and liabilities, but are included in fund balance. As of June 30, 2015 encumbrances of $3,928 were reported in the general fund, $27,220 in the capital projects services fund and $2,240 in the other governmental funds.

d. American Airlines and Southwest Airlines

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

American provided 8% of the Airport's total operating revenues and 15% of total revenues from signatory air carriers for the fiscal year ended June 30, 2015. Accounts receivable at June 30, 2015 contained $502 relating to amounts owed to the Airport by American. This amount includes $491 of unbilled aviation revenues at June 30, 2015.

Southwest provided 27% of the Airport's total operating revenues and 51% of total revenues from signatory air carriers for the fiscal year ended June 30, 2015. Accounts receivable at June 30, 2015 contained $641 relating to amounts owed to the Airport by Southwest. This amount includes $1,986 of unbilled aviation revenues at June 30, 2015.

e. Asbestos Removal

The Water Division has identified certain of its structures as having asbestos in place. As part of its continuing process of upgrading facilities, the costs for removal of the asbestos material and restoration or replacement of the affected areas are being included in budgets for capital projects. No mandatory time requirement is in effect. The removal plan would be accelerated by changes in plans for remodeling, if any.

f. Parking Capital Commitments and Subsequent Events

On June 10, 2010, several employees who were part of an outsourcing of the meter collections, filed suit against the Parking Division. On August 24, 2012, the Court found the Parking Division liable by outsourcing the duties of employees. However, in fiscal year 2014, the Parking Division won the case on appeal and there is a possibility that this case will be taken by the Supreme Court. In fiscal year 2015, the Parking Division won the summary judgement on all claims without going to trial. However, this could still be appealed. The final outcome should be determined before January, 2016.

g. Component Unit—SLDC

In the normal course of its operations, certain lawsuits and legal action are pending against SLDC. In the opinion of SLDC officials and legal counsel, these items are not expected to have a material effect, individually or in the aggregate, upon the net position or the results of operations of SLDC. In addition, certain properties held for development may be subject to future environmental remediation costs. In the opinion of SLDC officials, these costs would not have a material adverse effect upon the financial position or the results of operations of SLDC.

SLDC has entered into various cooperative agreements with the CDA as a subrecipient/administrator of the Community Development Block Grant Programs. The purpose of these grants and contracts is to provide support for economic development in the City. Revenues from these contracts amounted to $2,882 during the year ended June 30, 2015.

SLDC has received seven allocation awards of New Market Tax Credit (NMTC) investment authority pursuant to Section 45D of the Internal Revenue Code: a Round 2, $52,000 allocation received in 2005, a Round 6, $45,000 allocation in October 2008, a Round 7, $65,000 allocation received in October 2009, a Round 8, $21,000 allocation in February 2011, a Round 9, $50,000 allocation received in February 2012, a Round 10, $30,000 allocation received in April 2013 and a Round 12, $45,000 allocation received in June 2015 from the Department of the Treasury's Community Development Financial Institutions Fund (CDFI). The NMTC program allows individuals and corporate taxpayers to receive a credit against federal income taxes in exchange for making a qualified entity investment in a qualified active low-income community business (QALICB). In order to qualify for the credits various federal requirements must be complied with.

SLDC was required to create Community Development Entities (CDE) so as to demonstrate its mission of serving low-income residents and its accountability to the low income community. The NMTC program requires the credits to be transferred to the QALICB's by for-profit partnerships or corporations for federal tax purposes. To comply with this provision, SLDC created 60 subsidiary CDEs – St. Louis New Markets Tax Credit Fund, LLC I through XL and 41 – 60 with the intent that each project to be allocated would be assigned its own CDE. All of SLDC's first 6 allocations have been fully deployed into 37 projects. The Round 12 allocation still has $45,000 available; however four transactions totaling $22,000 are currently in underwriting and expected to close within the next 2 months.

SLDC receives financial assistance from several federal, state, and local government agencies in the form of grants and contracts. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the contract and grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become an SLDC liability. However, in the opinion of their management, any such disallowed claims will not have a material effect on the basic financial statements of SLDC at June 30, 2015.

24. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is self-insured with respect to its obligation to provide workers' compensation, general liability, unemployment benefits, and prescription drug coverage. Effective February 1, 2003, the City became self-insured for property damage caused by garbage and refuse trucks. The City has sovereign tort immunity from liability and suit for compensatory damages for negligent acts or omissions, except in the case of injuries arising out of the operation of City motor vehicles or caused by the condition of City property. The maximum claim settlement established by state statute for such claims is $300 per person and $2,000 per occurrence. Various claims and legal actions involving the City are presently pending. Additionally, a number of legal suits against SLPD are presently pending for alleged wrongful personal injuries, civil rights violations, and negligence in the line of duty. The City's policy is to record these claims in its government-wide financial statements when it is probable that a liability has been incurred and the amount can be reasonably estimated.

For workers' compensation and general liability, the estimated liability for payment of incurred (both reported and unreported) but unpaid claims and claim adjustment expenditures of $50,279 at June 30, 2015, relating to these matters is recorded in the self-insurance internal service fund—PFPC. Of total workers' compensation liability, $4,304 has been accrued for benefits to be paid for long-term medical care for officers seriously injured in the line of duty. Benefit payments for these cases amounted to approximately $369 for the year ended June 30, 2015. The City obtains periodic funding valuations from a claims-servicing company managing the appropriate level of estimated claims liability. Enterprise funds reimburse PFPC on a cost-reimbursement basis.

The City is self-insured for the prescription drug coverage provided to employees and retirees. The estimated liability for payment of incurred but unpaid claims and claim adjustment expenditures of $685 at June 30, 2015 relating to such matters is recorded in the self-insurance internal service fund—health.

Additionally, as of June 30, 2015, the following claims were recorded/accrued within the noted funds because the claims are not accounted for within the PFPC internal service fund; General fund in the amount of $33.

(dollars in thousands)

The City maintains a blanket surety bond covering all City employees through PFPC. In addition, the City purchases commercial insurance for property damage for large City buildings and some contents. Damage and liability coverage is applicable to the Airport. There were no significant changes in coverage for the year ended June 30, 2015 and, for the years ended June 30, 2015 and 2014 settlements did not exceed coverage.

Changes in the self-insurance claims liability for the years ended June 30, 2015 and 2014 are as follows:

		Beginning balance	Current year claims and changes in estimates	Claim payments	Ending balance
2015	$	45,825	31,797	(27,343)	50,279
2014		40,899	25,572	(20,646)	45,825

Additionally, there is an estimate of general liability claims outstanding of $18,868 which the City Counselor's office has determined there is a reasonable possibility that a loss contingency may be incurred but no accrual has been made within the government-wide financial statements or fund financial statements because the loss is not both probable and estimateable.

25. GRANT LOAN PROGRAMS

The City's general fund and grants fund include the activities of the CDA that, among other activities, makes loans to developers under the Housing Implementation Program. This program, which is administered for the City by certain financial institutions, provides funds to rehabilitate housing units for low- and moderate-income families. These loans typically are noninterest bearing, due in 25 years, and secured by a second deed of trust. CDA also made loans under the Urban Development Action Grant (UDAG) program to assist organizations with development projects within the City. These loans typically have a lower-than-market interest rate and payback periods ranging from 10 to 40 years after completion of the projects.

Any funds received from the repayments of these loans are to be spent by the City in accordance with Community Development Block Grant program regulations. Since repayment of the loans is dependent on the success of projects that involve considerable risk, collectability is not assured, and accordingly, the City reflects these loans as an expenditure of the grants fund in the year the loans are made. Any loan repayments are reflected as intergovernmental revenue (or deferred revenue if moneys have not been spent) in the year of receipt.

26. COMPONENT UNIT—SLDC CONDUIT DEBT

SLDC facilitates the issuance of tax-exempt bonds for various private enterprises and government agencies. After the bonds are sold, the proceeds are typically used to purchase real estate or fund capital improvements for the respective entity. Since the entity is responsible for the repayment of the bonds, no liability is established on the SLDC's books. Therefore, transactions related to the leases and the related bond liability are not presented in SLDC's basic financial statements.

(dollars in thousands)

27. FUND BALANCE

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

	General fund	Capital projects fund	Grant funds	Other governmental fund	Total
Nonspendable:					
Health and welfare	$ —	—	—	10	10
Parks and recreation	—	—	—	1	1
Public safety	1,732	—	—	—	1,732
Other	693	—	—	—	693
Total Nonspendable	2,425	—	—	11	2,436
Restricted:					
Redevelopment	—	—	—	11,994	11,994
Streets and bridges	—	1,680	—	44	1,724
Public safety	—	2,711	818	69	3,598
Parks and recreation	—	24,918	—	1,837	26,755
Convention and tourism	—	4,252	—	—	4,252
Transportation	—	—	—	5,610	5,610
Debt service	14,852	4,547	—	23,816	43,215
Other	—	304	—	1,901	2,205
Total Restricted	14,852	38,412	818	45,271	99,353
Committed:					
Health and welfare	—	—	—	13,417	13,417
Streets and bridges	—	4,666	—	1,958	6,624
Public safety	—	463	—	5,658	6,121
Parks and recreation	—	9,747	—	2,146	11,893
Convention and tourism	—	—	—	3,327	3,327
Payroll reserve	9,134	—	—	—	9,134
Other	—	18,794	—	3,898	22,692
Total Committed	9,134	33,670	—	30,404	73,208
Assigned:					
Redevelopment	—	—	—	2,883	2,883
Health and welfare	—	—	—	8	8
Streets and bridges	—	—	—	31	31
Public safety	—	—	—	40	40
Parks and recreation	—	—	—	170	170
Convention and tourism	—	—	—	—	—
Other	2,242	—	—	3,247	5,489
Total Assigned	2,242	—	—	6,379	8,621
Unassigned	—	(18,227)	—	—	(18,227)
Total fund balance	$ 28,653	53,855	818	82,065	165,391

28. SUBSEQUENT EVENTS

a. Tax and Revenue Anticipation Notes

The City issues tax and revenue anticipation notes in advance of property tax collections, depositing the proceeds in its general fund. On July 7, 2015, the City issued $60,000 in Tax and Revenue Anticipation Notes payable from the general fund. The notes mature on June 1, 2016 and bear interest at a rate of 2.00% per year.

b. Development and Tax Increment Revenue Notes

Subsequent to June 30, 2015, the City issued development and tax increment revenue notes totaling $39,744 with interest rates ranging from 4.50% to 7.08%.

c. 1520 Market Financing

On September 1, 2015, the SLMFC issued $7,000 1520 Market St. Leasehold Refunding Revenue Bonds, Series 2015A and Not to Exceed $13,000 1520 Market St. Taxable Leasehold Revenue Bonds, Series 2015B. Along with additional contributions of the City, the Series 2015A bonds refunded the Series 2007 and Series 2011 outstanding principal in the amount of $7,196, as well as any accrued interest, redemption premiums and cost of issuance. A draw on the Series B bonds in the amount of $5,500 was used for cost of issuance and site preparation for the possible NGA property.

d. General Obligation Bonds Refinancing

Subsequent to June 30, 2015, the City approved the refinancing of $23,010 General Obligation Bonds.

e. Water Revenue Refunding Bonds

In September 2015, the Water Division drew down an additional $210 of the Series 2013 Water Revenue Refunding Bonds.

f. Property Taxes

The City tax rate levied in November 2015 was $1.6158 per $100 (in dollars) of assessed valuation of which $1.4828 (in dollars) is for the general fund and $0.133 (in dollars) is for the debt service fund.

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APPENDIX C

DEFINITIONS OF WORDS AND TERMS

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Definitions of Words and Terms

The following words are defined in the Indenture of Trust, dated as of April 1, 2002, as amended and supplemented, including by the Third Supplemental Indenture of Trust dated as of 1, 2016, and the Fourth Supplemental Indenture of Truste dated as of 1, 2016, both by and between the St. Louis Municipal Finance Corporation and UMB Bank, N.A., St. Louis, Missouri, as Trustee:

"**Additional Bonds**" means any additional Bonds, including refunding bonds, issued by the Corporation pursuant to the Indenture.

"**Additional Rentals**" means the payments payable by the City pursuant to the Lease Agreement.

"**Annual Debt Service**" means the total principal and interest due on the Bonds for any Fiscal Year.

"**Authorized Denominations**" means Five Thousand Dollars ($5,000) or any integral multiple thereof.

"**Base Lease**" means the Base Lease between the City and the Corporation, dated as of April 1, 2002, as amended and supplemented by the First Supplemental Base Lease, dated as of 1, 2016, and as from time to time further supplemented or amended in accordance with Section 7.3 thereof.

"**Base Lease Rent**" means the items referred to as such in the Base Lease.

"**Base Lease Term**" means the term of the Base Lease commencing as of the date of the delivery of the Base Lease and ending on the date specified in the Base Lease.

"**Board of Aldermen**" means the Board of Aldermen of the City.

"**Bond,**" "**Bonds**" or "**Series of Bonds**" means any bond or bonds, including Additional Bonds, authenticated and delivered under and pursuant to the Indenture.

"**Bond Counsel**" means an attorney or firm of attorneys with nationally recognized standing in the field of municipal bond financing approved by the Corporation and the City.

"**Bond Purchase Agreement**" means the Bond Purchase Agreement between the Corporation and the Original Purchaser related to the purchase of the respective Series of Bonds.

"Bond Register" means the register and all accompanying records kept by the Bond Registrar evidencing the registration, transfer and exchange of Bonds.

"**Bond Registrar**" means the Trustee when acting in such capacity under the Indenture.

"**Bondholder**", "**Holder**" or "**Registered Owner**" means the registered owner of any Bond as recorded on the Bond Register.

"**Business Day**" means any day except Saturday, Sunday, a legal holiday, or a day on which banking institutions located in the States of Missouri and New York are authorized by law to close.

"**Carnahan Courthouse**" means the former federal courthouse building located at 1100-1114 Market Street, St. Louis, Missouri, and the acquisition, construction, renovation, equipping and installing of furnishings and equipment thereof, and any Improvements thereto, acquired, constructed, renovated, furnished, equipped and installed as part of the Project as described in Schedule I to the Lease Agreement, the

Property and any other real or personal property hereafter acquired by the Corporation and leased by the Corporation to the City pursuant to any Supplemental Lease Agreement.

"**Cede & Co.**" means Cede & Co., as nominee of the Depository Trust Company, New York, New York, and any successor nominee of the Depository with respect to the Bonds.

"**City**" means the City of St. Louis, Missouri, a municipal corporation and political subdivision organized and existing under its Charter and the constitution and laws of the State of Missouri.

"**City Representative**" means the person or persons at the time designated to act on behalf of the City in matters not requiring legislative authorization relating to the Base Lease, the Lease Agreement and the Indenture as evidenced by a written certificate furnished to the Corporation and the Trustee containing the specimen signature of such person or persons and signed on behalf of the City by its Mayor and its Comptroller. For the purpose of investing the Bond proceeds the authorized City Representative shall be the Treasurer or his designee. Such certificate may designate an alternate or alternates each of whom shall be entitled to perform all duties of the City Representative.

"**Closing Date**" means the date of delivery of and payment for any Series of Bonds.

"**Code**" means the Internal Revenue Code of 1986, as amended, and the applicable regulations there under.

"**Completion Date**" means the date of completion of the Project, as that date is certified as provided in the Lease Agreement and the Indenture.

"**Completion Date**" with respect to the Series 2016B Bonds, means the date of completion of any discrete portion of the Series 2016 Project, but in any case not later than May 4, 2019.

"**Comptroller**" means the designated representative of the office of the Comptroller, which supervises the fiscal affairs of the City.

"**Construction Contracts**" means the contracts for the construction of the Project, by and between the City and Construction Contractors.

"**Construction Contractors**" means, collectively, the contractors who enter into Construction Contracts for the construction of all or any part of the Project.

"**Construction Costs**" means all reasonable and necessary expenses incidental to the acquisition of real and personal property, construction, renovation, equipping and installing of furnishings and equipment for the Carnahan Courthouse or any part thereof including without limitation architectural, engineering, legal, financial, administrative and accounting services relating thereto, the cost of all machinery, fixtures and equipment necessary or desirable in connection with the Project, costs as may be necessary or incidental to the Project and any and all other costs which in the opinion of Bond Counsel constitute construction expenditures within the meaning of Section 148(f)(4)(B)(i)(b) of the Code.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement dated as of 1, 2016, required pursuant to Section 17.7 of the Second Supplemental Lease.

"**Corporation**" means the St. Louis Municipal Finance Corporation, a corporation organized under the Missouri Nonprofit Corporation Act, and its successors and assigns and any surviving, resulting or transferee corporation as provided in the Lease Agreement.

"**Corporation Representative**" means the person or persons at the time designated to act on behalf of the Corporation in matters relating to the Base Lease, the Lease Agreement and the Indenture as evidenced by a written certificate furnished to the City and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Corporation by its President or any Vice President. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Corporation Representative.

"**Cost**" or "**Costs**" means all Construction Costs, and all reasonable and necessary expenses of or incidental to the Project directly or indirectly payable or reimbursable by the Corporation and costs reasonable and necessary and related to the authorization, sale and issuance of Bonds with respect to the Project, including but not limited to, legal, organizational, marketing or other special services; capitalized interest, financial or underwriting fees and expenses and any other fees and expenses incurred including the costs of Credit Enhancement, if any; filing and recording fees; initial fees and charges of the Trustee; expenses of feasibility studies; title insurance policies and all other reasonable, necessary and incidental expenses, provided, that, any legal fees of the Corporation with respect to the Bonds shall be as pre-approved by the Comptroller.

"**Costs of Issuance**" means issuance costs with respect to the Series 2016B/C Bonds, including but not limited to the following:

(a) underwriters' spread or origination fee of the Original Purchaser (whether realized directly or derived through purchase of Bonds at a discount below the price at which they are expected to be sold to the public);

(b) counsel fees (including Bond Counsel, underwriter's counsel, disclosure counsel, and counsel to the City and the Corporation, as well as any other specialized counsel fees incurred in connection with the borrowing);

(c) financial advisor fees of any financial advisor to the Corporation incurred in connection with the issuance of the Series 2016B/C Bonds;

(d) rating agency fees;

(e) trustee and paying agent fees;

(f) accountant fees and other expenses related to issuance of the Series 2016B/C Bonds;

(g) printing costs (for the Series 2016B/C Bonds); and

(h) fees and expenses of the Corporation incurred in connection with the issuance of the Series 2016B/C Bonds.

"**Counsel**" means an attorney duly admitted to practice law before the highest court of any state and, without limitation, may include legal counsel for either the City or the Corporation.

"Courthouse Improvements" means the improvements to the HVAC system of the Carnahan Courthouse financed with a portion of the proceeds of the Series 2016B Bonds.

"**Dated Date**" means the Dated Date on any series of Bonds as set forth in any supplemental indenture related to such series of Bonds. The Dated Date with respect to the Series 2016A Bonds is May 4, 2016.

"**Debt Service Reserve Fund Requirement**" means the amount to be deposited in any Debt Service Reserve Fund account pursuant to a Supplemental Indenture authorizing a Series of Bonds. With respect to the Series 2016A Bonds, the Debt Service Reserve Fund Requirement shall be the least of (a) the maximum Annual Debt Service on the Bonds Outstanding on the Dated Date, (b) 10% of the original proceeds of each Series of Bonds or (c) 125% of the average Annual Debt Service requirements on the Bonds at the time of issuance of the Bonds; provided that for purposes of calculating Annual Debt Service, Annual Debt Service for the last annual period shall mean Net Debt Service. The Debt Service Reserve Fund Requirement may be satisfied by Debt Service Reserve Fund Deposits in cash or in partial substitution or in lieu of cash by an insurance policy, letter of credit, line of credit or surety bond or similar liquidity or credit facility guaranteeing payments into the Debt Service Reserve Fund in the amount of the Debt Service Reserve Fund Requirement which facility shall be issued by an entity that is rated in one of the two highest rating categories by any rating agency which rates such facility.

"**Defeasance Obligations**" means:

(a) Government Obligations which are not subject to redemption prior to maturity; or

(b) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations); or

(c) pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively; or

(d) Obligations issued by the following agencies which are backed by the full faith and credit of the United States: (i) U.S. Export-Import Bank (Eximbank), Direct obligations or fully guaranteed certificates of beneficial ownership; (ii) Farmers Home Administration (FmHA), Certificates of beneficial ownership; (iii) Federal Financing Bank; (iv) General Services Administration, Participation certificates; (iv) U.S. Maritime Administration, Guaranteed Title XI financing; (v) U.S. Department of Housing and Urban Development (HUD), Project Notes, Local Authority Bonds, New Communities Debentures - U.S. government guaranteed debentures, and U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds.

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

"**Energy Efficiency Program**" means the green community energy conservation program initially established by the City pursuant to Ordinance 69893, as amended and supplemented by Ordinance 70199, for the purpose of financing public building energy conservation projects and a low-interest loan green community program.

"**Escrow Fund**" means the fund by that name created pursuant to the Third Supplemental Indenture.

"**Event of Default**" means (a) with respect to the Lease Agreement any Event of Default as defined in the Lease Agreement, and (b) with respect to the Indenture any Event of Default as defined in the Indenture.

"**Event of Non-Appropriation**" means the failure of the City to appropriate sufficient funds for the payment of Rentals and Additional Rentals for the succeeding Fiscal Year.

"**First Supplemental Base Lease**" means the First Supplemental Base Lease between the City and the Corporation, dated as of 1, 2016.

"**First Supplemental Lease Agreement**" means the First Supplemental Lease Purchase Agreement by and between the Corporation and the City, dated as of October 1, 2006.

"**Fiscal Year**" means the fiscal year now or hereafter adopted by the Corporation and, with respect to the City, its fiscal year currently beginning on July 1 of each calendar year.

"**Fitch**" shall mean Fitch Ratings, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Fitch shall mean any other nationally recognized securities rating agency designated by the Corporation, with the approval of the City, by notice to the Trustee and the City.

"**Fourth Supplemental Indenture**" means the Fourth Supplemental Indenture of Trust dated as of 1, 2016, by and between the Corporation and UMB Bank, N.A., as trustee, pursuant to which the Series 2016B/C Bonds are issued.

"**Full Replacement Value**" means the actual replacement cost of any component of the Carnahan Courthouse, exclusive of land, excavations, footings, foundations and parking lots, but in no event shall such value be less than the principal amount of the Bonds at the time Outstanding.

"**Government Obligations**" means the following:

(a) bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America, and

(b) evidences of direct ownership of a proportionate or individual interest in future interest or principal payments on specified direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian in form and substance satisfactory to the Trustee.

"**Global Bond Certificates**" means one or more bond certificates of the Corporation, each certificate representing the entire principal amount of the Bonds due on a particular Stated Maturity, immobilized from general circulation by the Depository.

"**Green Community Repayments**" means repayments on any low-interest loans made by borrowers pursuant to the City's Energy Efficiency Program.

"**Impositions**" means those taxes, assessments and other impositions defined in the Lease Agreement.

"**Improvements**" means the improvements, fixtures and equipment constituting a part of the Carnahan Courthouse now or hereafter attached and all replacements thereto.

“**Indenture**” means the Original Indenture, as amended and supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, and the Third Supplemental Indenture and the Fourth Supplemental Indenture, and as may be further amended and supplemented pursuant to the Indenture.

“**Interest Payment Date**” for the Series 2016A Bonds shall mean February 15 and August 15 of each year, beginning August 15, 2016, as long as any Series 2016A Bonds remain Outstanding.

“**Interest Payment Date**” for the Series 2016B/C Bonds means April 15 and October 15 of each year as long as the Series 2016B/C Bonds remain outstanding, with respect to the Series 2016B/C Bonds, beginning October 15 2016.

“**Lease Agreement**” means the Lease Purchase Agreement between the Corporation and the City, dated as of April 1, 2002, as amended and supplemented by the First Supplemental Lease Agreement dated as of October 1, 2006, and the Second Supplemental Lease Agreement dated as of 1, 2016, and as may be further amended from time to time.

“**Leased Property**” means the Carnahan Courthouse (which includes the real property described in Schedule I to the Base Lease) and the Courthouse Improvements.

“**Maturity**” means, with respect to any Bond, the date on which the principal of such Bond becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration or acceleration or call for redemption or otherwise.

“**Mayor**” means the designated representative of the office of the Mayor, which is the chief elected official of the City.

“**Moody's**” shall mean Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Moody's shall mean any other nationally recognized securities rating agency designated by the Corporation, with the approval of the City, by notice to the Trustee and the City.

“**Net Debt Service**” means the greater of (a) Annual Debt Service on the Bonds minus the Debt Service Reserve Fund Requirement or (b) zero.

“**Opinion of Bond Counsel**” means a written opinion of any legal counsel acceptable to the Corporation, the City and the trustee who shall be nationally recognized as expert in matters pertaining to the validity of obligations of governmental issuers and the exemption form federal income taxation of interest on such obligations.

“**Opinion of Counsel**” means a written opinion of any legal counsel acceptable to the Corporation and the Trustee and, to the extent the City is asked to take action in reliance thereon, the City, who may be an employee of or counsel to the Corporation or the City.

“**Ordinance,**” with respect to the Series 2016A Bonds, means Ordinance No. 70192 of the City enacted on January 29, 2016, which authorizes, among other things, the issuance, sale and delivery of the Series 2016A Bonds, in accordance with the Indenture, and any amendments or supplements thereto.

“**Ordinance,**” with respect to the Series 2016B/C Bonds, means Ordinance No. 69893, which was amended and supplemented on January 29, 2016, by Ordinance No. 70199, which authorizes, among other things, the issuance, sale and delivery of the Series 2016B/C Bonds, in accordance with the Indenture, and any amendments or supplements thereto.

"**Original Purchaser,**" with respect to the Series 2016A Bonds, means Stern Brothers & Company, as set forth in the Bond Purchase Agreement

"**Original Purchaser,**" with respect to the Series 2016B/C Bonds, means Blaylock Beal Van, LLC, as set forth in the Bond Purchase Agreement.

"**Outstanding**" means, when used with reference to Bonds, as of a particular date, all Bonds theretofore authenticated and delivered, except:

(a) Bonds theretofore canceled by the Trustee or delivered to the Trustee for canceling;

(b) Bonds which are deemed paid under the Indenture;

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Indenture; and

(d) Bonds held by or for the account of the Corporation, the City or any person controlling, controlled by or under common control with either of them for purposes of any consent or other action to be taken by the holders of a specified percentage of Bonds outstanding under the Indenture, the Base Lease or the Lease Agreement.

"**Participants**" means those financial institutions for whom the Depository effects book-entry transfers and pledges of securities deposited with the Depository.

"**Paying Agent**" means the Trustee when acting in such capacity under the Indenture.

"**Payment Date**" means any date on which the principal of or interest on any Series 2016B Bonds and/or the Series 2016C Bonds is payable.

"**Permitted Encumbrances**" means:

(a) a Lease Agreement, dated as of May 1, 2001, between the City and General Services Administration; a Lease Agreement dated February 24, 2000, between the City and Lions Business Opportunities for Missouri Blind, Inc., and such easements, encumbrances and restrictions as are identified in Schedule B of the title company's commitment for title insurance effective on the date on which the City acquired title to the Property;

(b) any financing statements relating to the Indenture, the Base Lease or the Lease Agreement;

(c) Impositions which are not then delinquent, or if then delinquent, are being contested in accordance with the Lease Agreement;

(d) utility, access and other easements and rights-of-way, restrictions and exceptions, including operating agreements or leases, which will not interfere with or impair any of which may be necessary to the operation of the Carnahan Courthouse (or, if it is not being operated, the operation for which it was designed or last modified);

(e) any mechanic's, laborer's, materialman's, supplier's or vendor's lien or rights in respect thereof if payment is not yet due under the contract in question or if such lien is being contested in accordance with the Lease Agreement;

(f) such minor defects and irregularities of title as normally exist with respect to properties similar in character to the Property and which the Corporation certifies do not materially adversely affect the value of the Carnahan Courthouse or impair the Property affected thereby for the purpose for which it was acquired or is held by the Corporation;

(g) zoning laws and similar restrictions which are not violated by the Carnahan Courthouse;

(h) the Base Lease; and

(i) the Lease Agreement.

"**Permitted Investments**" means any of the following, to the extent permitted by applicable law:

(1) direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee ("**Direct Obligations**");

(2) direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation ("**FHLMCs**"); debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association ("**FNMAs**"); participation certificates of the General Services Administration; guaranteed mortgaged-backed securities and guaranteed participation certificates of the Government National Mortgage Association ("**GNMAs**"); guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; guaranteed transit bonds of the Washington Metropolitan Area Transit Authority;

(3) direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's and "A" or better by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured, uninsured or unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's and "A" or better by S&P;

(4) commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, "P-1" by Moody's and "A-1" or better by S&P;

(5) Federal funds, unsecured certificates of deposit, time deposits or bankers acceptances (in each case having maturities of not more than 365 days) of any domestic bank including a branch office of a foreign bank which branch office is located in the United States: provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank which, at the time of purchase, has a short-term "Bank Deposit" rating of "P-1" by Moody's and a "Short-Term CD" rating of "A-1" or better by S&P;

(6) deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than $3 million, provided such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation;

(7) investments in money market funds rated "AAAm" or "AAAm-G" by S&P;

(8) repurchase agreements collateralized by Direct Obligations, GNMAs, FNMAs or FHLMCs with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated "P-1" or "A3" or better by Moody's, and "A-1" or "A-" or better by S&P, provided;

(a) a master repurchase agreement or specific written repurchase agreement governs the transaction;

(b) the securities are held free and clear of any lien by the Trustee or an independent third party acting solely as agent ("**Agent**") for the Trustee, and such third party is (i) a Federal Reserve Bank; (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than $50 million; or (iii) a bank approved in writing for such purpose by Financial Guaranty Insurance Company, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee;

(c) a perfected first security interest under the Uniform Commercial Code, or book-entry procedures prescribed at 31 C.F.R. 306.1 *et seq.* or 31 C.F.R. 350.0 *et seq.* in such securities is created for the benefit of the Trustee;

(d) the repurchase agreement has a term of 180 days or less, and the Trustee or the Agent will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation; and

(e) the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%.

(9) Forward delivery agreements in which the securities delivered mature on or before each interest payment date (for debt service or debt services reserve funds) or draw down date (construction funds) that meet the following criteria:

(a) A specific written investment agreement governs the transaction.

(b) Acceptable providers shall be limited to (i) any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by S&P; (ii) any commercial bank insured by the FDIC, if such bank has an uninsured, unsecured, and unguaranteed obligation ratedA3/P-l or better by Moody's and A-/A-1 or better by S&P; and (iii) domestic structured investment companies approved by the Credit Provider and rated Aaa by Moody's and AAA by S&P.

(c) The forward delivery agreement shall provide for termination or assignment (to a qualified provider hereunder) of the agreement if the provider's ratings are suspended, withdrawn or fall below A3 or P-1 from Moody's or A- or A-1 from S&P. Within ten (10) days, the provider shall fulfill any obligations it may have with respect to shortfalls in market value.

(d) Permitted securities shall include the investments listed in 1, 2 and 3 above.

(e) The forward delivery agreement shall include the following provisions:

(i) The permitted securities must mature on or before a debt service payment date or schedule draw. The maturity amount of the permitted securities must equal or exceed the amount required to be in the applicable fund on the applicable valuation date.

(ii) The agreement shall include market standard termination provisions, including the right to terminate for the provider's failure to deliver qualifying securities or otherwise to perform under the agreement. There shall be no breakage fee or penalty payable to the provider in such event.

(iii) Any breakage fees shall be payable only on debt service payment dates and shall be subordinated to the payment of debt service and debt service reserve fund replenishments.

(iv) The provider must submit at closing a bankruptcy opinion to the effect that any bankruptcy, insolvency or receivership of the provider, the securities will not be considered to be a part of the provider's estate, and otherwise acceptable to the Credit Provider.

(v) The agreement may not be assigned (except to a provider that would otherwise be acceptable under these guidelines) or amended without the prior written consent of the Credit Provider.

Forward delivery agreements in which the securities delivered mature after the funds may be required but provided for the right of the Corporation or the Trustee to put the securities back to the provider under a put, guaranty or other hedging arrangement, only with the prior written consent of the Credit Provider.

Maturity of investments shall be governed by the following:

(a) Investments of monies (other than reserve funds) shall be in securities and obligations maturing not later than the dates on which such monies will be needed to make payments.

(b) Investments shall be considered as maturing on the first date on which they are redeemable without penalty at the option of the holder or the date on which the Trustee may require their repurchase pursuant to repurchase agreements.

(c) Investments of monies in reserve funds not payable upon demand shall be restricted to maturities of five years or less.

"**Person**" means any individual, joint venture, corporation, company, voluntary association, partnership, limited liability company, trust, joint stock company, unincorporated organization, association, government, or any agency, instrumentality, or political subdivision thereof, or any other form of entity.

"**Principal Payment Date**" means, with respect to the Series 2016A Bonds, February 15 of each year, beginning August 15, 2018, as long as any Series 2016A Bonds remain Outstanding.

"**Principal Reserve Account**" means the Principal Reserve Account within the Revenue Fund created pursuant to the Fourth Supplemental Indenture.

"**Program Administrator**" means Energy Equity Funding, LLC and Inclime.

"**Program Compliance Agreement**" means the Program Compliance Agreement entered into by and between the City and the Trustee concerning compliance with regulations concerning QECB Bonds.

"**Project**" means, with respect to the Series 2016A Bonds, the acquisition of real and personal property, and the construction, renovation, equipping and installing of furnishings and equipment for the Carnahan Courthouse.

"**Property**" means the real property described in Schedule I to the Lease Agreement and situated in the City including all streets and roads adjoining thereto and all easements and tights of way now or hereafter used in connection therewith together with all land lying in the bed of any street or road, open or proposed, in front of or adjourning such site to the center line thereof now or hereafter used in connection with such site.

"**QECB Interest Subsidy Payments**" means payments expected to be received by the City from the Federal government.

"**Rebate Fund**" means the Leasehold Revenue Bonds Rebate Fund established in the Indenture.

"**Record Date**" means, with respect to any Interest Payment Date, the first day (whether or not a Business Day) of the calendar month in which such Interest Payment Date occurs.

"**Redemption Date**" when used with respect to any Bond to be redeemed, means the date fixed for redemption pursuant to this Indenture and, with respect to the Series 2006A Bonds means May 24, 2016, or such other date as instructed pursuant to written direction from an Authorized Corporation Representative.

"**Redemption Notice Information**" means information in a written and dated notice from the Trustee which (i) identifies the Bonds to be redeemed by the name of the issue (including the name of the issuer and any series designation), CUSIP number, if any, Dated Date, interest rate, Stated Maturities and any other descriptive information the Trustee deems desirable to accurately identify the Bonds to be redeemed and, if only a portion of the Bonds will be redeemed, the certificate numbers and the principal amount of the Bonds to be redeemed, (ii) identifies the date on which the notice is published and the Redemption Date, (iii) states the price at which the Bonds will be redeemed, (iv) states that interest on the Bonds or the portions of Bonds called for redemption will stop accruing from the Redemption Date if funds sufficient for their redemption and available for that purpose are on deposit with the Trustee on the Redemption Date, (v) states that payment for the Bonds will be made on the Redemption Date at the principal corporate trust office of the Trustee during normal business hours upon the surrender of the Bonds to be redeemed in whole or in part and (vi) identifies by name and telephone number a representative of the Trustee who may be contacted for additional information.

"**Refunded Bonds**" means the Series 2006A Bonds.

"**Refunding Bonds**" means bonds issues to refund any Series of Bonds or portion thereof then Outstanding.

"**Rentals**" or "**Rent**" means those payments required to be made by the City pursuant to the Lease Agreement.

"**Replacement Bonds**" means the Bonds authenticated and delivered by the Bond Registrar pursuant to the Indenture.

"**Resolution**" means the Resolution adopted by the Board of Directors of the Corporation on April 19, 2016, authorizing, among other things, the issuance, sale and delivery of Carnahan Courthouse Leasehold Revenue Bonds Series 2016A (City of St. Louis, Missouri, Lessee) and the Series 2016B/C Bonds, and the execution of certain documents related thereto in accordance with the Indenture and any amendments or supplements thereto and any other resolution providing for the issuance of a Series of Bonds hereunder.

"**S&P**" means Standard & Poor's Ratings Service, a division of the McGraw-Hill Companies, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall mean any other nationally recognized securities rating agency designated by the Corporation, with the approval of the City, by notice to the Trustee and the City.

"**Second Supplemental Indenture**" means the Second Supplemental Indenture, dated as of July 1, 2010.

"**Second Supplemental Lease Agreement**" means the Second Supplemental Lease Purchase Agreement by and between the Corporation and the City, dated as of 1, 2016.

"**Series**" means all of the Bonds delivered on original issuances in a simultaneous transaction and identified pursuant to the Indenture or pursuant to a supplemental Indenture authorizing the issuance of such Bonds as a separate Series, and any Bonds thereafter delivered in lieu of or in substitution for such Bonds pursuant to the Indenture, regardless of variations in maturity, interest rate, or other provisions. If a Series of Bonds is sold in installments, Series shall mean all of the Bonds of such installment.

"**Series 2006A Bonds**" means the Corporation's Carnahan Courthouse Leasehold Revenue Refunding Bonds, Series 2006A (City of St. Louis, Missouri, Lessee).

"**Series 2016 Project**" means the acquisition, construction, equipment, or installation of the Financed Property and the funding of loans, grants or other energy efficiency improvements through the Energy Efficiency Program.

"**Series 2016A Portion of Debt Service**" means the payments of regularly scheduled principal of, and interest on the Series 2016A Bonds as set forth on Schedule II to the Lease Agreement.

"**Series 2016B Bond Account**" means the account by that name established in **Section 401** of this Fourth Supplemental Indenture.

"**Series 2016B Capitalized Interest Account**" means the account by that name established in **Section 401** of this Fourth Supplemental Indenture.

"**Series 2016B Costs of Issuance Account**" means the account by that name established in **Section 401** of this Fourth Supplemental Indenture.

"**Series 2016B Portion of Debt Service**" means the payments of regularly scheduled principal of, and interest on the Series 2016B Bonds as set forth in the Lease Agreement.

"**Series 2016B Project Account**" means the account by that name established in **Section 401** of this Fourth Supplemental Indenture.

“**Series 2016B/C Bond**,” or “**Series 2016B/C Bonds**” means the Taxable Qualified Energy Conservation Leasehold Revenue Bonds – Direct Pay (Energy Efficiency Program), Series 2016B and the Taxable Leasehold Revenue Bonds (Energy Efficiency Program), Series 2016C of the Corporation in the combined aggregate principal amount of not to exceed Four Million Five Hundred Fifty Thousand Dollars ($4,550,000) authorized by the Ordinance and this Fourth Supplemental Indenture.

“**Series 2016C Bond Account**” means the account by that name established in the Fourth Supplemental Indenture.

“**Series 2016C Costs of Issuance Account**” means the account by that name established in the Fourth Supplemental Indenture.

“**Series 2016C Portion of Debt Service**” means the payments of regularly scheduled principal of, and interest on the Series 2016C Bonds as set forth in the Lease Agreement.

“**Series 2016C Project Account**” means the account by that name established in the Fourth Supplemental Indenture.

“**Sinking Fund Permitted Investment**” means

(1) direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee (“**Direct Obligations**”);

(2) direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation (“**FHLMCs**”); debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association (“**FNMAs**”); participation certificates of the General Services Administration; guaranteed mortgaged-backed securities and guaranteed participation certificates of the Government National Mortgage Association (“**GNMAs**”); guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; guaranteed transit bonds of the Washington Metropolitan Area Transit Authority;

(3) investments in money market funds rated “AAAm” or “AAAm-G” by S&P;

(4) Forward delivery agreements in which the securities delivered meet the following criteria:

(a) A specific written investment agreement governs the transaction.

(b) Acceptable providers shall be limited to (i) any registered broker/dealer subject to the Securities Investors’ Protection Corporation jurisdiction, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated A3\P-1 or better by Moody’s and A-/A-1 or better by S&P; (ii) any commercial bank insured by the FDIC, if such bank has an uninsured, unsecured and unguaranteed obligation rated A3/P-1 or better by Moody’s or A-\A01 or better by S&P;

(c) The forward delivery agreement shall provide for termination or assignment (to a qualified provider hereunder) of the agreement if the provider's ratings are suspended, withdrawn or fall below A3 or P-1 from Moody's and A- or A-1 from S&P.

(d) Permitted securities shall include the investments listed in 1, 2 and 3 above.

(e) The forward delivery agreement shall include the following provisions:

(i) The agreement shall include market standard termination provisions including the right to terminate for the provider's failure to delivery qualifying securities or otherwise to perform under the agreement.

(ii) Any breakage fees shall be payable only on debt service payment dates and shall be subordinated to the payment of debt service.

(iii) The provider must submit at closing a bankruptcy opinion to the effect that any bankruptcy, insolvency or receivership of the provider, the securities will not be considered to be a part of the provider's estate.

(iv) The agreement may not be assigned (except to a provider that would otherwise be acceptable under these guidelines).

(f) Maturity of investment shall be governed by the following:

(i) Investment of monies (other than reserve funds) shall be in securities and obligations maturity no later than the dates on which such monies will be needed to make payments.

(ii) Investments shall be considered as maturing on the first date on which they are redeemable without penalty at the option of the holder or the date on which the Trustee may require their repurchase pursuant to repurchase agreements.

"State" means the State of Missouri.

"**Stated Maturity**" means, when used with respect to any Bond, the date specified in the Indenture or in any Supplemental Indenture authorizing Additional Bonds as the fixed date on which the principal of such Bond is due and payable.

"**Supplemental Base Lease**" means any lease supplemental or amendatory to the Base Lease entered into by the City and the Corporation pursuant to the Base Lease.

"**Supplemental Indenture**" means any indenture supplemental or amendatory to the Indenture entered into by the Corporation and the Trustee pursuant to the Indenture.

"**Supplemental Lease Agreement**" means any lease purchase agreement supplemental or amendatory to the Lease Agreement entered into by the Corporation and the City pursuant to the Lease Agreement and the Indenture.

"**Tax Compliance Agreement**" means the Tax Compliance Agreement by and among the City, the Corporation and the Trustee in connection with the issuance of the Series 2006A Bonds.

“**Tax Certificate**” means the Tax Certificate as to Arbitrage and the provisions of Sections 141-150 of the Internal Revenue Code of 1986, executed by the City in connecting with the issuance of the Series 2002A Bonds to evidence compliance with the provisions of Sections 141 through 150 of the Code.

“**Term**” or “**Lease Term**” means the term of the Lease Agreement beginning as of April 1, 2002, and ending (i) the last day of the then current Fiscal Year of the City during which there occurs an Event of Non-Appropriation with respect to the City; (ii) the date on which there occurs an Event of Default with respect to the City under the Lease Agreement if the Corporation or the Trustee elects such remedy pursuant to the Lease Agreement (iii) the date upon which all Rentals and Additional Rentals, as the case may be, required under the Lease Agreement shall be paid by the City or (iv) upon the discharge of the Indenture as provided in the Indenture.

“**Treasurer**” means the Treasurer of the City.

“**Transaction Documents**” means the Indenture, the Series 2016B/C Bonds, the Continuing Disclosure Agreement, the Base Lease, the Lease Agreement, the Program Compliance Agreement, and any and all other documents or instruments that evidence or are a part of the transactions referred to in this Fourth Supplemental Indenture or contemplated by this Fourth Supplemental Indenture; and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words “Transaction Documents” are used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a particular party, the same shall mean only those Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

“**Trust Estate**” means the Trust Estate described in the Granting Clauses of the Indenture.

“**Trustee**” means UMB Bank, N.A., St. Louis, Missouri, as trustee under the Indenture and any successors or assigns.

*“***Tax Compliance Agreement***”* means the Tax Compliance Agreement by and among the City, the Corporation and the Trustee in connection with the issuance of the Series 2016A Bonds.

“**United States Government Obligations**” means bonds, notes, certificates of indebtedness, treasury bills, or other securities constituting direct obligations of the United States of America or obligations the payment of the principal of and interest of which are fully and unconditionally guaranteed by the United States of America.

“**Value**” means the value, determined as deemed necessary but not less often than quarterly, of Permitted Investments and/or Defeasance Obligations (together, “investments”) which shall be calculated as follows:

(a) as to investments, the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times or other national publication acceptable to the Trustee): the average of the bid and asked prices for such investments so published at or most recently prior to such time of determination;

(b) as to investments, the bid and asked prices of which are not published on a regular basis in The Wall Street Journal (if not there, then in the alternative, The New York Times or other national publication acceptable to the Trustee): the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(c) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and

(d) as to any investment not specified above the value thereof established by prior agreement between the Corporation and the Trustee.

"**Written Request**" with reference to the Corporation means a request in writing signed by the Corporation Representative and with reference to the City means a request in writing signed by the City Representative, or any other officers designated by the Corporation or the City, as the case may be, to sign such Written Request.

APPENDIX D

SUMMARY OF LEGAL DOCUMENTS

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SUMMARY OF CERTAIN PROVISIONS OF THE BASE LEASE

The following is a summary of certain provisions of the Base Lease dated as of April 1, 2002, as amended by the First Supplemental Base Lease dated as of May 1, 2016 (collectively, and as may be further amended and supplemented, the "Base Lease"). This summary does not purport to be complete or comprehensive, and this summary is qualified in its entirety by reference to the Base Lease.

Lease of Property. The City demises and leases to the Corporation the Leased Property currently under its control and management and the Corporation leases from the City such Leased Property upon the terms and conditions provided in the Base Lease, and with respect to the Leased Property, subject to Permitted Encumbrances, for a Base Lease Term which commenced as of April 1, 2002, and which shall end twenty (20) years beyond the final maturity dates of the latest of the Bonds; provided, however, that if such Bonds have been paid in full at maturity or defeased pursuant to Article XIII of the Indenture and the City has not been required to surrender possession of the Leased Property due to an Event of Non-Appropriation or an Event of Default under the Lease Agreement, the Base Lease will terminate upon such payment in full or defeasance.

The City agrees to acquire the Leased Property not now owned by it and to acquire, construct, renovate, equip, and install the Financed Property and does lease and demise the Leased Property, including the portion of the Financed Property constituting the Courthouse Improvements, subject to Permitted Encumbrances, to the Corporation upon the terms and conditions provided in the Base Lease. Upon acquisition of any Leased Property not now owned by the City, the same shall become a part of the Leased Property leased under the Base Lease, together with all improvements in respect of any Leased Property hereafter acquired, constructed, renovated, equipped, or installed by the City, and shall be subject to all the terms, covenants, conditions, and provisions contained in the Base Lease, without further action on the part of either party.

Pursuant to the Lease Agreement the City agrees, on behalf of the Corporation, to acquire, construct, renovate, equip, and install the Financed Property. Each party to the Base Lease shall, upon request of the other party or the Trustee, execute such documents and take such actions as shall be deemed necessary by such other party or the Trustee to further evidence or confirm the lease of such premises under the Base Lease.

Assignment, Subleases, and Mortgages. The Corporation shall not mortgage or otherwise assign its rights under the Base Lease or sublet the Leased Property without the prior written consent of the City except in connection with any assignment of its rights as expressly provided for under the Lease Agreement.

Rent and Other Considerations. As and for rental under the Base Lease and in consideration of the leasing of the Leased Property to the Corporation under the Base Lease, and in order to provide funds for a purposes set forth in the Recitals of the Base Lease, the Corporation shall:

(a) Issue, sell, and cause to be delivered to the purchasers thereof the Bonds in one or more Series in the principal amount, bearing interest, maturing, and having the other details as set forth in the Indenture; and

(b) Deposit the proceeds of the sale of each Series of Bonds as provided in the Indenture.

Termination. The Base Lease shall terminate as specified in Section 3.1 of the Base Lease; provided, however, in the event the City pays all Rentals and Additional Rentals provided for in Article

IV of the Lease Agreement and exercises thereafter the option to purchase the Corporation's interest in the remaining Base Lease Term under the Base Lease as provided in Article X of the Lease Agreement, then the Base Lease shall be considered assigned to the City and terminated through merger of the leasehold interest with the fee interest in the Leased Property, if the City is the owner of the fee interest and elects to terminate the leasehold interest so acquired from the Corporation. The Corporation agrees, upon such assignment and termination of the Base Lease Term, to quit and surrender the Leased Property as it then exists.

If an Event of Default under the Lease Agreement occurs for any reason, or if the City terminates the Lease Agreement and fails to purchase the Corporation's interest in the Leased Property as provided in Article X of the Lease Agreement, the Corporation shall have the right to possession thereof for the remainder of the Base Lease Term and shall have the right to sublease the same or sell its interest therein and in the Base Lease upon whatever terms and conditions it deems prudent; provided, that the Leased Property shall always be operated for a lawful purpose. In such event, if the City so requests, the Corporation shall provide the City with adequate public liability insurance covering the Leased Property for the remainder of the Base Lease Term and will furnish the City with evidence thereof. In the event that the Corporation shall receive a payment for the sale of its interest or total rental payments for subleasing that are, after the payment of the Corporation's expenses in connection therewith, including fees and expenses of the Trustee, in excess of the purchase price applicable under Section 10.1 of the Lease Agreement at the time of termination or default plus interest thereon at the highest interest rate per annum borne by the Bonds (which must be an amount sufficient to pay the principal of and all interest on the Bonds, or to provide for the payment thereof as provided in Article XIII of the Indenture, with amounts so received to be credited first to such interest and then to principal), then such excess shall be paid to the City by the Corporation, its assigns or its sublessee.

Default by the Corporation. The City shall not have the right to exclude the Corporation from the Leased Property or to take possession thereof (except pursuant to the Lease Agreement) or to terminate the Base Lease prior to the termination of the Base Lease Term upon any default by the Corporation under the Base Lease; except that if, upon exercise of the option to purchase the Corporation's interest in the Leased Property under the Lease Agreement granted to the City in Article X of the Lease Agreement and after the payment of the purchase price specified therein and the other sums payable under the Lease Agreement, the Corporation fails to convey its interest therein to the City pursuant to said option, then the City shall have the right to terminate the Base Lease, such termination to be effective 30 days after delivery of written notice of such termination to the Corporation. However, in the event of any default by the Corporation under the Base Lease, the City may maintain an action, if permitted in equity, for specific performance.

SUMMARY OF CERTAIN PROVISIONS OF THE LEASE PURCHASE AGREEMENT

The following is a summary of certain provisions of the Lease Purchase Agreement dated as of April 1, 2002, as amended by the First Supplemental Lease Purchase Agreement dated as of October 1, 2006, the Second Supplemental Lease Purchase Agreement dated as of July 1, 2010, and the Third Supplemental Lease Purchase Agreement dated as of May 1, 2016 (collectively, and as may be further amended and supplemented, the "Lease Agreement"). This summary does not purport to be complete or comprehensive, and this summary is qualified in its entirety by reference to the Lease Agreement.

Conveyance; Granting of Leasehold.

The Corporation rents, leases, and sublets the Leased Property currently under its control and management, subject to Permitted Encumbrances, unto the City and the City rents and leases such Leased

Property, subject to Permitted Encumbrances, from the Corporation for the Rentals and Additional Rentals and subject to the terms and conditions set forth in the Lease Agreement.

The Corporation does lease and demise any additional Leased Property acquired by the City and leased to the Corporation pursuant to the Base Lease, subject to Permitted Encumbrances, to the Corporation upon the terms and conditions in the Lease Agreement provided. Upon acquisition by the Corporation of a leasehold interest in any Leased Property not now owned by the City, the same shall become a part of the Leased Property leased under the Lease Agreement, together with all improvements in respect of any Leased Property hereafter acquired, constructed, equipped, or installed by the City, and shall be subject to all the terms, covenants, conditions, and provisions in the Lease Agreement contained, without further action on the part of either party.

Term of Lease Agreement; Termination; Annual Appropriation Required.

Term. The Term of the Lease Agreement commenced as of April 1, 2002, and shall terminate on the earliest of the occurrence of any of the following events: (i) the last day of the then current Fiscal Year of the City during which there occurs an Event of Non-Appropriation with respect to the City; (ii) there occurs an Event of Default by the City under the Lease Agreement if the Corporation or the Trustee elects such remedy pursuant to Section 12.2 of the Lease Agreement; (iii) the date upon which all Rentals and Additional Rentals, as the case may be, required under the Lease Agreement shall be paid by the City; or (iv) discharge of the Indenture as provided in Article XIII of the Indenture. The expiration or termination of the Term of the Lease Agreement as to the City's right of possession of the Leased Property shall terminate the City's rights of use of the Leased Property; provided, however, that all other terms of the Lease Agreement and the Indenture, including the continuation of City's purchase right under Section 10.1 of the Lease Agreement and all obligations of the Trustee with respect to the Holders of the Bonds and the receipt and disbursement of funds, shall be continuing until the lien of the Indenture is discharged, as provided in the Indenture, except that all obligations of the City to pay any amounts to the Holders of the Bonds and the Trustee under the Lease Agreement shall thereafter be satisfied only as provided in the Indenture and, with respect to an Event of Non-Appropriation prior to such expiration or termination as provided in the Lease Agreement, are payable prior to the termination of the Lease Agreement. The termination or expiration of the Term of the Lease Agreement, of itself, shall not discharge the lien of the Indenture.

Except as described in the following two paragraphs, the payment obligations of the City under the Lease Agreement shall be absolute and unconditional, free of deductions, and without any abatement, offset, recoupment, diminution, or set-off whatsoever and shall be sufficient to provide all funds required for debt service on the Bonds, funding of the Debt Service Reserve Fund, and all other amounts required under the Indenture.

Nothing in the Lease Agreement shall be construed to require the Board of Aldermen to appropriate any money to pay any Rentals or Additional Rentals (except theretofore appropriated). If the City fails to pay any portion of the Rentals or Additional Rentals which are due under the Lease Agreement, the City, upon the request of the Trustee or the Corporation, will immediately quit and vacate the Leased Property, and the Rentals and Additional Rentals (except for payments which have been theretofore appropriated and then available for such purpose) shall thereupon cease, it being understood between the parties that the City shall not be obligated to pay any Rentals or Additional Rentals to the Corporation under the Lease Agreement except as provided in the Lease Agreement. Should the City fail to pay any portion of the required Rentals and Additional Rentals, the Trustee in accordance with the Indenture may immediately bring legal action to evict the City from the Leased Property. No judgment may be entered against the City for failure to pay any Rentals or Additional Rentals, except to the extent that the City has theretofore incurred liability to pay such Rentals or Additional Rentals through its actual use and occupancy of the Leased Property.

The Rentals and Additional Rentals constitute current expenses of the City and the City's obligations under the Lease Agreement are from year to year only and do not constitute a mandatory payment obligation of the City in any ensuing Fiscal Year beyond the current Fiscal Year. No provision of the Lease Agreement shall be construed or interpreted as creating a general obligation or other indebtedness of the City or any agency or instrumentality of the City within the meaning of any constitutional or statutory debt limitation. Neither the execution, delivery and performance of the Lease Agreement nor the issuance of the Series 2016A Bonds or the Series 2016B/C Bonds directly or indirectly or contingently obligates the City to make any payments under the Lease Agreement beyond those appropriated for the City's then current Fiscal Year; provided, however, that nothing in the Lease Agreement shall be construed to limit the rights of the Bondholders or the Trustee to receive any amounts which may be realized from the Trust Estate pursuant to the Indenture.

City Covenant. The City covenants and agrees that the City's Budget Director, or any other officer at any time charged with responsibility of formulating budget proposals, is directed to include in the budget proposals submitted to the Board of Estimate and Apportionment, and to the extent permitted by law, to the Board of Aldermen of the City, in any year during the Lease Term, a request or requests for the Rentals and a reasonable estimate of Additional Rentals; provided that the request for Rentals relating to the Series 2016B Bonds shall be made without any off-set for QECB Interest Subsidy Payments. Requests for appropriations shall be made in each Fiscal Year so that the City's Rentals and a reasonable estimate of Additional Rentals to be paid during the succeeding Fiscal Year will be available for such purposes.

It is the intention of the City that the decision to appropriate the City's Rentals and Additional Rentals pursuant to the Lease Agreement shall be made solely by the Board of Aldermen and not by any other official of the City except subject to the power of the Mayor of the City to approve or disapprove ordinances. The City presently expects to, in each Fiscal Year of the City during the Lease Term, appropriate funds in an amount sufficient to pay principal of, interest on and redemption premium, if any, on the Bonds. Upon such appropriation, the Rentals and reasonably estimated Additional Rentals will be available for such Fiscal Year to be drawn upon to make payments pursuant to the terms of the Lease Agreement after the budget is adopted. The City further covenants and agrees that the amount of the request for appropriation for the Fiscal Year in which the 2016B Bonds mature shall be for the full maturity value of the 2016B Bonds.

The City shall give notice to the Corporation with a copy to the Trustee as early as practicable in each Fiscal Year and in any case no later than three (3) Business Days following the date on which the budget for the next succeeding Fiscal Year is finally approved by the Board of Aldermen of the City of either (i) the termination of the Lease Agreement or (ii) that sufficient funds have been budgeted and appropriated to make all payments of Rentals and Additional Rentals during the next succeeding Fiscal Year. Notice that sufficient funds have been appropriated for the next succeeding Fiscal Year shall be accompanied by evidence satisfactory to the Corporation that sufficient funds have been budgeted and appropriated to make all Rentals for the Fiscal Year to which such notice pertains and to make such payments of Additional Rentals as shall be required during such Fiscal Year by the terms of the Lease Agreement. If the Trustee does not receive notice by the last day of any Fiscal Year that an appropriation has been made for the next succeeding Fiscal Year, the Trustee shall request that the City confirm in writing the fact that such appropriation has been made. If notice of termination has been duly given, all of the City's right, title, interest, and obligations under the Lease Agreement shall terminate without penalty on the last day of the then current Fiscal Year. Failure of the City to budget and appropriate on or before

June 30 of each year funds in the minimum amount equal to the Rentals and a reasonable estimate of Additional Rentals due during the next Fiscal Year, shall constitute termination of the Lease Agreement at the end of the Fiscal Year then in effect, and failure to give notice to the Corporation of such termination as heretofore provided shall not affect such automatic termination.

The City intends, subject to the provisions above with respect to the failure of the City to budget or appropriate funds to pay Rentals and a reasonable estimate of Additional Rentals, to continue the Lease Term and to pay the Rentals and Additional Rentals under the Lease Agreement. The City reasonably believes that legally available funds in an amount sufficient to pay all Rentals and Additional Rentals during the Lease Term can be obtained and, in addition to using its bona fide best efforts to accomplish the same, shall exhaust all available administrative reviews and appeals, if any, in the event such portion of the budget request is not approved. Notwithstanding the foregoing, the decision to budget and appropriate funds or to continue the Lease Term is to be made in accordance with the City's normal procedures for such decisions.

Rentals. The City, subject to the provisions of Section 3.2 of the Lease Agreement, agrees to pay the amounts required by the Lease Agreement as follows:

Until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with Article XIII of the Indenture, the City shall pay to the Trustee, as the assignee of the Corporation, in funds which will be immediately available to the Trustee not less than five (5) Business Days before the date any payment is due, as Rentals in respect of the Leased Property, amounts which shall correspond to the payments in respect of the principal of, premium, if any, and interest on the Bonds whenever and in whatever manner the same shall become due, whether at Stated Maturity, upon redemption or acceleration or otherwise in the amounts which, together with the amounts then on deposit in the Bond Fund (not subject to the lien of the Trustee under Section 1002 of the Indenture), equal the debt service payments on the Bonds as set forth in Schedule II attached to the Second Supplemental Lease Agreement or as such schedule may be amended upon the issuance of Additional Bonds pursuant to the Indenture.

The City covenants and agrees that it will pay Rentals at such times and in such amounts as to assure that no default in the payment of principal of, premium, if any, or interest on the Bonds shall at any time occur. If the balance in the Bond Fund (not subject to the lien of the Trustee under Section 1002 of the Indenture) is less than the sum then required to be on deposit therein in order to pay the principal of, premium, if any, and interest then payable on the Bonds in accordance with the provisions of Section 4.1 of the Lease Agreement, the City will forthwith pay as Rentals any such deficiency to the Trustee for deposit in the Bond Fund in immediately available funds; provided, that, any amount at any time held by the Trustee in the Bond Fund (not subject to the lien of the Trustee under Section 1002 of the Indenture) for the payment of the principal of, premium, if any, and interest on the Bonds shall, at the election of the City, be credited against the Rentals next required to be paid by the City, to the extent such amount is in excess of the amount required for payment of (i) any Bonds theretofore matured or called for redemption plus (ii) past due interest, in all cases where such Bonds or interest checks have not been presented for payment; and provided, further, that if the amount held by the Trustee in the Bond Fund (not subject to the lien of the Trustee under Section 1002 of the Indenture) shall be sufficient to pay at the times required the principal of, premium, if any, and interest on all of the Bonds then remaining unpaid, the City shall not be obligated to pay Rentals.

The City covenants and agrees to pay the Rentals with respect to the Bonds to the Trustee at its principal payment office for the account of the Corporation during the Lease Term on or before 11:00 A.M., Trustee's local time, in the appropriate amount and on the dates described in this Section. All such

Rentals shall be deposited by the Trustee in accordance with the provisions of the Indenture and shall be used and applied by the Trustee in the manner and for the purpose set forth in the Indenture.

Additional Rentals. The City shall pay or cause to be paid, subject to the provisions of Section 3.2 of the Lease Agreement, as Additional Rentals:

(a) To the Trustee amounts equal to the amounts to be paid to the Trustee pursuant to Section 1002 of the Indenture;

(b) All payments to the Principal Reserve Account as defined in and created pursuant to the Indenture in accordance with the payment Schedule III attached hereto.

(c) all Impositions (as defined in Article VI of the Lease Agreement);

(c) all amounts required under Section 15.1 of the Lease Agreement;

(d) all costs incident to the payment of the principal of and interest on the Bonds as the same become due and payable, including all costs, premiums, and expenses in connection with the call, redemption and payment of all Outstanding Bonds which amounts shall be deposited in the Bond Fund;

(e) the payments, if any, which the City shall be required under the Lease Agreement to deposit into the Debt Service Reserve Fund pursuant to the Indenture;

(f) all reasonable expenses, fees, and advances incurred or made in connection with the enforcement of any rights under the Lease Agreement or the Indenture by the Corporation or the Trustee and any reasonable expenses incurred by the Corporation to enable it to comply with the provisions of the Base Lease, the Lease Agreement, or the Indenture;

(g) all reasonable fees and expenses of a Credit Provider, if any, for the provision of any Credit Enhancement including any reimbursements and any amounts owing under any credit agreement;

(h) all reasonable and necessary fees and expenses the Corporation incurred in connection with the Bonds or the establishment and maintenance of the Corporation's status as a Missouri nonprofit corporation or a qualified 501(c)(3) corporation;

(i) all amounts required to be rebated to the United States as provided in the Indenture or the Tax Compliance Agreement; and

(j) All payments to the Principal Reserve Account, as defined in and created pursuant to the Indenture, in accordance with the payment Schedule III attached to the Lease Agreement.

Rentals and Additional Rentals, etc., Payable without Abatement or Set-Off; City Obligations, Assignments of Rentals and Certain Additional Rentals. Subject to the provisions of Section 3.2 of the Lease Agreement, the City covenants and agrees with and for the express benefit of the Corporation and the Holders of all Bonds from time to time Outstanding that all payments of Rentals and Additional Rentals shall be made by the City on or before the date the same become due, and the City shall perform all of its other obligations, covenants, and agreements under the Lease Agreement (including the obligation to pay Rentals and Additional Rentals) without notice or demand, and without abatement, offset, deduction, set-off, counterclaim, recoupment, or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising, and irrespective of whether any portion of the Project or the Series 2016 Project shall have been started or completed and shall be sufficient to provide all funds required for debt service on the Bonds, funding of the Debt Service Reserve Fund, and all other amounts required under the Indenture.

Nothing in the Lease Agreement shall be construed as a waiver by the City of any rights or claims the City may have against the Corporation under the Lease Agreement or otherwise, but any recovery upon such rights and claims shall be had from the Corporation separately, it being the intent of the Lease Agreement that the City shall be unconditionally and absolutely obligated to perform fully all of its obligations, agreements, and covenants under the Lease Agreement (including the obligation to pay Rentals and Additional Rentals), subject to the provisions of Section 3.2 of the Lease Agreement. The City may, however, at its own cost and expense and in its own name or in the name of the Corporation, prosecute or defend any action or proceeding or take any other action involving third persons which the City deems reasonably necessary in order to secure or protect its right of possession, occupancy, and use under the Lease Agreement, and in such event the Corporation agrees to cooperate fully with the City and to take all action necessary to effect the substitution of the City for the Corporation in any such action or proceeding if the City shall so request.

The obligation of the City to pay Rentals and Additional Rentals is subject to the provisions of Section 3.2 of the Lease Agreement and does not constitute a general obligation or indebtedness of the City for which the City is obligated to levy or pledge any form of taxation, or for which the City has levied or pledged any form of taxation and shall not be construed to be a debt of the City for any purpose whatsoever or in contravention of any applicable constitutional, statutory, or charter limitation or requirement, but in each Fiscal Year shall be payable solely from the amounts, if any, appropriated therefor out of the income and revenue provided for such year plus any unencumbered balances from previous years.

Construction of the Financed Property. The City shall finance or refinance the Financed Property from a portion of the proceeds of the Series 2016B Bonds, all in accordance with certain plans and specifications, a copy of which shall be made available by the Trustee upon request. The City agrees that the aforesaid improvements will, with such changes and additions as may be made hereunder, result in Financed Property suitable for use by the City.

Payment for Costs of the Series 2016 Project. All costs of the Series 2016 Project to be financed or refinanced out of the proceeds of the Series 2016B/C Bonds shall be paid by the Trustee from the Project Fund, and the Corporation and the City authorize and direct the Trustee to make such disbursements from such Project Fund upon receipt by the Trustee of certificates signed by the City Representative and the Corporation Representative in the form of certificate attached as **Exhibit C** to the Fourth Supplemental Indenture. The sole obligation of the Corporation as described in this paragraph shall be to cause the Trustee to make such disbursements upon receipt of such certificates. The Trustee may conclusively rely on any such certificate and shall not be required to make any investigation in connection therewith.

Payment for Equipment. The City and the Corporation agree that certain furnishings and equipment will be necessary in the construction, renovation, improvement, completion and operation of certain components of the Financed Property, and the Corporation and the City authorize and direct the Trustee to pay for such items of equipment (and any installation costs thereof) with respect to the Financed Property, solely from such Project Fund, upon receipt by the Trustee of a certificate signed by the City Representative and the Corporation Representative in the form of the certificate attached as **Exhibit C** to the Fourth Supplemental Indenture. The sole obligation of the Corporation as described in this section shall be to cause the Trustee to make such disbursements upon receipt of said certificates.

The Trustee may conclusively rely on any such certificate and shall not be required to make any investigation in connection therewith.

Payment of Other Costs of the Series 2016 Project. The City and the Corporation authorize and direct the Trustee to pay for, but solely from such Project Fund, all other costs of the Series 2016 Project upon receipt by the Trustee of a certificate signed by a City Representative and the Corporation Representative in the form of the certificate attached as **Exhibit C** to the Fourth Supplemental Indenture. The sole obligation of the Corporation as described in this paragraph shall be to cause the Trustee to make such disbursements upon receipt of said certificates. The Trustee may conclusively rely on any such certificate and shall not be required to make any investigation in connection therewith.

Deficiency of the Project Fund. In the event the aggregate amount of costs of the Series 2016 Project exceeds the sum of the amount of funds in the Project Fund plus other moneys contributed by the City and available for construction of the Series 2016 Project, the Series 2016 Project shall be modified by the City pursuant to the provisions of the Lease Agreement to include only those components which can be completed with the aforesaid amounts; provided, that, if the Project Fund shall be insufficient to pay all costs and to complete the Series 2016 Project, as it may be modified, free of liens, the City shall pay, but only from legally available funds, in cash, subject to the provisions of Section 3.2 of the Lease Agreement and as Additional Rentals under Section 4.2 of the Lease Agreement, the full amount of any such deficiency by making payments therefor directly to the supplier of materials and services as the same shall become due, and the City shall hold the Corporation harmless from any obligation to pay such deficiency; provided that the City's obligation to pay such deficiency shall be limited to its current budgeted appropriations for the Series 2016 Project and the City shall have no obligation to appropriate additional funds therefor.

Impositions. The City shall, subject to the provisions of Section 3.2 of the Lease Agreement, during the Lease Term, bear, pay and discharge, before the delinquency thereof, as Additional Rentals, all taxes and assessments, general and special, if any, which may be lawfully taxed, charged, levied, assessed, or imposed upon or against or be payable for or in respect of the Leased Property or the Corporation's or the City's interest in the Leased Property or the income therefrom or Rentals and other amounts payable under the Lease Agreement, including any new taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied, or assessed in lieu of or in addition to taxes or assessments now customarily levied against real or personal property, and further including all water and sewer charges, assessments, and other general governmental charges and impositions whatsoever, foreseen or unforeseen, which if not paid when due would impair the security of the Bonds or encumber the City's title to the Leased Property (all of the foregoing being in the Lease Agreement referred to as "Impositions").

Liability Insurance; Indemnification. The City shall, under the City's customary insurance practices (which may include self-insurance subject to availability of appropriation therefor) or otherwise, take such measures as may be necessary to insure against liability for injuries to or disability or death of any person or damage to or loss of property arising out of or in any way relating to the condition or the operation of the Leased Property or any part thereof during the Lease Term. The net proceeds of all such self-insurance or other insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds may be paid. It is understood that such insurance covers any and all liability of the City and its officers, employees, and agents. The City agrees to indemnify the Corporation, and the Trustee for any loss, damage, or expense incurred, paid, or suffered by them as a result of any suit or claim of a nature covered by such insurance, to the full extent permitted by State law.

Property Insurance. The City shall maintain an insurance policy on (or with the consent the Credit Provider, self-insure) the Leased Property in an amount at least equal to the aggregate principal amount of Bonds Outstanding against loss included in all risk insurance policies then in use in the State, including earthquake coverage, if the Leased Property is in an earthquake zone. Any such insurance may be subject to reasonable deductibles.

All insurance policies shall name the Corporation as its assignee as an insured or loss payee. Insurance proceeds shall be payable to the City and the Corporation as their interests appear. No insurance policy may be cancelled or modified absent prior written notification of at least 30 days to the Corporation.

The net proceeds of any such insurance, whether from the City's self-insurance program or otherwise, shall be applied as provided in Article XI of the Lease Agreement.

Assignment, Subleasing, and Licensing by the City. The Lease Agreement may not be assigned by the City without the written consent of the Corporation. However, the Leased Property or any part thereof may be subleased by the City, in whole or in part, without the consent of the Corporation, subject, however, to the conditions set forth in the Lease Agreement. The City may grant licenses to use all or any portion of the Leased Property in the normal course of business without the consent of the Corporation.

Maintenance, Repairs and Modifications. The City shall, at its own expense, maintain, preserve, and keep the Leased Property in good repair and condition, and shall from time to time make all repairs, replacements, and improvements necessary to keep the Leased Property in such condition. The Corporation shall have no responsibility for any of these repairs, replacements, or improvements. In addition, the City shall, at its own expense, have the right to make additions, modifications, and improvements to the Leased Property or any part thereof. Such additions, modifications, and improvements shall not in any way damage the Leased Property nor cause it to be used for purposes other than those authorized under the provisions of municipal, State, and federal law; and the Leased Property upon completion of any additions, modifications, and improvements made as described in this Section, shall be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications, and improvements. Any property for which a substitution or replacement is made as described in this Section may be disposed of by the City in such manner and on such terms as are determined by the City. The City will not permit any mechanic's or other lien to be established or remain against any part of the Leased Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals, or replacements made by the City pursuant to Section 9.1 of the Lease Agreement; provided, that, if any such lien is established and the City shall first notify the Corporation and the Trustee of the City's intention to do so, the City may in good faith contest any lien filed or established against the Leased Property and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Corporation shall notify the City that, in the opinion of Counsel, by nonpayment of any such item the interest of the Corporation in the Leased Property will be materially endangered or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the City shall promptly pay and cause to be satisfied and discharged all such unpaid items or provide the Corporation with full security against any such loss or forfeiture, in form satisfactory to the Corporation. The Corporation will cooperate fully with the City in any such contest, upon request and at the expense of the City.

Liens. The City shall not, directly or indirectly, create, incur, assume, or suffer to exist any mortgage, pledge, lien, charge, encumbrance, or claim on or with respect to the Leased Property or any part thereof (except for Permitted Encumbrances), other than the respective rights of the Corporation and the City as provided in the Lease Agreement and in the Base Lease. The City shall have the right in its own name or in the Corporation's name to contest the validity or amount of any lien which the City is required to discharge and may permit the lien so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Corporation or the Trustee shall notify the City that, in the opinion of Counsel, by nonpayment of any such items the interest of the Corporation in the Leased Property will be materially endangered or the Leased Property or any part thereof will be subject to loss or forfeiture in which event the City shall promptly discharge such lien. Except as described in this Article, the City shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance, or claim if the same shall arise at any time. The City shall reimburse the Corporation for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance, or claim.

City's Option to Purchase Corporation's Interest.

The City shall have the option to purchase the Corporation's leasehold interest in the Leased Property and to terminate the Base Lease and the Lease Agreement at any time during the Base Lease Term (subject to the requirements of the following provisions) upon payment of the principal, interest, and redemption premium, if any, on the Bonds or providing funds for the Corporation to make provision for their payment pursuant to Article XIII of the Indenture, and the payment of all Additional Rentals. Except as otherwise provided in Section 10.1 of the Lease Agreement, the City shall give at least sixty (60) days written notice to the Corporation and to the Trustee of its intent to exercise the option and so terminate the Lease Agreement. Payment of the final Rentals and Additional Rentals shall constitute exercise of the option granted under the Lease Agreement without further action by the City.

If the City receives notice of an Event of Default pursuant to subparagraph (a) or (b) of Section 901 of the Indenture, the City shall also have the option to purchase the Corporation's leasehold interest in the Leased Property under the Base Lease and to terminate the Lease Agreement upon payment of the Bonds or providing funds for the Corporation to make provision for their payment pursuant to Article XIII of the Indenture and the payment of all Additional Rentals. The City shall give notice of its intent to exercise the option described in this subparagraph by giving notice thereof to the Corporation and the Trustee not later than 90 days after receipt of notice of any such Event of Default under the Indenture. The City shall make the payment described in this subparagraph (b) not later than 90 days after it has given notice of its intent to exercise this option to the Corporation and the Trustee.

Damage, Destruction, and Condemnation. Unless the City shall have exercised its option to purchase the Corporation's interest under the Base Lease and terminate the Lease Agreement as provided in Article X of the Lease Agreement, if (i) the Leased Property is destroyed or damaged by fire or other casualty or (ii) title to or the temporary use of the Leased Property or the interest of the City or the Corporation in the Leased Property shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm, or corporation acting under governmental authority, the City shall, subject to the provisions of the following paragraph, cause the net proceeds of any insurance or condemnation award to be applied to the prompt repair, restoration, modification, or improvement of the Leased Property by the City free of liens other than Permitted Encumbrances. Any balance of the net proceeds remaining after such work has been completed for the Leased Property shall be transferred to the Bond Fund and applied as provided in Article V of the Indenture.

If the City determines that the repair, restoration, modification, or improvement of the Leased Property is not economically feasible or in the best interest of the City, then, in lieu of making such repair, restoration, modification, or improvement, the City shall make provision for the redemption of

Outstanding Bonds in an aggregate amount equal to the net proceeds of any such insurance or condemnation award rounded to the nearest Authorized Denomination, any such net proceeds shall be applied by the City to the payment of the Outstanding Bonds called for redemption and shall pay the fees and expenses of the Corporation and the Trustee together with all other amounts due under the Indenture and under the Lease Agreement, and all amounts required to be rebated to the federal government pursuant to the Indenture or the Tax Compliance Agreement.

If insurance or condemnation proceeds with respect to the Leased Property in excess of $200,000 are received, such proceeds such be applied to replacement or restoration of the affected property or to redemption of the Bonds.

Insufficiency of Net Proceeds. If the net proceeds are insufficient to pay in full the cost of any repair, restoration, modification, or improvement of the Leased Property as described in this Section, subject to appropriation of sufficient funds, the City shall complete the work and pay any cost in excess of the amount of the net proceeds, and the City agrees that if by reason of any such insufficiency of the net proceeds, the City shall make any payments as described in this Section, the City shall not be entitled to any reimbursement therefor from the Corporation or any diminution of any amount payable under the Lease Agreement.

Event of Non-Appropriation.

(a) Except as described in subsection (b) below, in the event that the Board of Aldermen does not budget and appropriate, specifically with respect to the Lease Agreement, on or before June 30 (or any other date later adopted by the City as the end of its Fiscal Year) of each year, moneys sufficient to pay all Rentals and the reasonably estimated Additional Rentals coming due for the next succeeding Fiscal Year, an Event of Non-Appropriation shall be deemed to have occurred.

(b) Notwithstanding subsection (a) above, no Event of Non-Appropriation shall be deemed to have occurred under the Lease Agreement if, during the Fiscal Year subsequent to that in which an event described in subsection (a) above occurs, Rentals and Additional Rentals are timely paid under the Lease Agreement, and further provided that on or before the last day of such Fiscal Year the Board of Aldermen shall budget and appropriate specifically with respect to the Lease Agreement moneys sufficient to pay all Rentals and Additional Rentals (or reasonable estimates thereof as to those Additional Rentals which have not been paid) coming due for such Fiscal Year. If an Event of Non-Appropriation shall occur and be continuing, upon receipt of a certificate from a City Representative which states that the City has not appropriated the funds required to be appropriated by the City, or upon receipt of other notice of the occurrence of any Event of Non-Appropriation with respect to the City, the Trustee shall immediately notify the Corporation of such occurrence.

If an Event of Non-Appropriation shall occur, the City shall not be obligated to make payment of the Rentals or Additional Rentals provided for in the Lease Agreement beyond the last day of the Fiscal Year during which such Event of Non-Appropriation occurs, except for the City's obligation to make payments which are payable prior to the termination of the Lease Agreement; provided, however, that the City shall continue to be liable for the amounts payable during such time when the City continues to occupy the Leased Property. The Trustee shall, upon the occurrence of an Event of Non-Appropriation, have all rights and remedies granted to it under the Indenture and as a secured creditor under Missouri law, as trustee for the benefit of Holders of the Bonds, and shall be further entitled to all monies then on hand in all funds and accounts created under the Indenture. All property, funds, and rights acquired by the Trustee upon the termination of the Lease Agreement as to the City's possessory interest under the Lease Agreement by reason of an Event of Non-Appropriation as provided in the Lease Agreement shall be held by the Trustee under the Indenture for the benefit of the Holders of the Bonds as set forth in the Indenture until the Bonds are paid in full.

The parties to the Lease Agreement agree that, upon the occurrence of an Event of Non-Appropriation, the Lessee shall immediately quit and vacate the Leased Property upon termination of the then current term of the Lease Agreement.

Notwithstanding any provision to the contrary in the Lease Agreement or the Indenture contained, the definition of the Event of Non-Appropriation described in this Section shall be final and controlling in the event of any other contrary provision described in the Lease Agreement or such other documents.

Non-Substitution Covenant. The City covenants and agrees that, to the extent permitted by law, if an Event of Default described in Article XII of the Lease Agreement occurs with respect to the City, the City will not construct, own, or operate any courthouse facility not in existence at the time such Event of Default occurs during the sixty (60) day period subsequent to such Event of Default. The provisions described in this paragraph shall survive the termination of the Lease Agreement as a result of an Event of Default and shall remain in effect and be binding upon the City.

Termination of Lease Term. The Lease Term shall terminate as to the City, including the City's right to possession of the Leased Property, pursuant to Section 3.2 of the Lease Agreement.

Remedies Regarding City Defaults. Upon the occurrence of an Event of Default by the City pursuant to the Lease Agreement or the Base Lease, resulting in an Event of Default on the Bonds pursuant to the Indenture, the City shall have the exclusive right to purchase from the Corporation the leasehold interest in the Leased Property, or any part thereof for a period of 90 days from the date of such default for the aggregate amount of the principal on the Bonds then Outstanding plus accrued interest to such date of default. Notwithstanding the foregoing, the Corporation and the Trustee may also exercise the remedies set forth in Section 12.2 in the Lease Agreement.

Notwithstanding anything in the Lease Agreement to the contrary, the Trustee shall be entitled to sublease the Leased Property, or any part thereof to any entity, public or private, for such period as is necessary for the Trustee to obtain sufficient monies to pay in full the principal of, redemption, premium if any, and interest on the Bonds, and the obligations of the Trustee with respect to the Bondholders, and the receipt and disbursement of funds shall be continuing until the lien of the Indenture is discharged as provided therein.

Events of Default Defined. The following shall be "Events of Default" under the Lease Agreement and the terms "Events of Default" and "Default" shall mean, whenever they are used in the Lease Agreement, any one or more of the following events:

(a) Failure by the City to pay any Rentals or Additional Rentals in the amounts and at the times specified in the Lease Agreement.

(b) Failure by the City to observe and perform any covenant, condition, or agreement on its part to be observed or performed, other than as described in clause (a) above, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Corporation or the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, 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.

(c) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment, or attachment of such consequence as would impair the ability of the City to carry on its operation, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings whether voluntary or involuntary instituted under the provisions of the federal bankruptcy laws, as amended, or under any similar acts which may hereafter be enacted.

(d) Failure by the Lessee to vacate the Leased Property by the expiration of the current Fiscal Year during which an Event of Non-Appropriation occurs.

The provisions described in this Section are subject to the following limitations: if by reason of force majeure the City is unable in whole or in part to carry out its obligations under the Lease Agreement, other than its obligation to pay Rentals or Additional Rentals with respect thereto, the City shall not be deemed in default under the continuance of such inability, provided notice thereof is given to the Corporation and the Trustee. The term "force majeure" as used in the Lease Agreement shall mean, without limitation, the following acts of God: strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or the State of Missouri or their respective departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes, or canals; or any other cause or event not reasonably within the control of the City and not resulting from its negligence. The City agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the City from carrying out its agreement; provided that the settlement of strikes, lockouts, and other industrial disturbances shall be entirely within the discretion of the City and the City shall not be required to make settlement of strikes, lockouts, and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the City unfavorable to the City.

Remedies on Default.

Whenever any Event of Default shall have happened and be continuing, the Corporation, or the Trustee shall have the right, at its option and without any further demand or notice, to take any one or more of the following remedial steps:

(i) By written notice to the City declare all Rentals and Additional Rentals for the Fiscal Year in which the Event of Default occurred to be immediately due and payable and such Rentals and Additional Rentals shall thereupon become immediately due and payable; or

(ii) With or without terminating the Lease Agreement take possession of the Leased Property, in which event the City shall vacate the Leased Property and take all actions necessary to authorize, execute, and deliver to the Corporation all documents necessary to vest in the Corporation for the remainder of the Lease Term, all of the City's interest in and to the Leased Property, sell the Corporation's (or its assignee's) interest in the Base Lease, or lease the Leased Property and collect the rentals therefor, for all or any portion of the remainder of its leasehold term upon such terms and conditions as it may deem satisfactory in its sole discretion with the City remaining liable, subject to the provisions of Section 3.2 of the Lease Agreement, for the difference between (i) the Rentals and Additional Rentals payable by the City under the Lease

Agreement during the Lease Term, and (ii) the net proceeds or any purchase price, rents, or other amounts paid by the new purchaser, lessee, or sublessee of the Leased Property, and, provided further, that, in such event, if the Corporation shall receive a payment for sale of its interest or total sub-rentals for sublease that are, after payment of the Corporation's expenses in connection therewith, in excess of the purchase price applicable under Section 10.1 of the Lease Agreement at the time of default plus interest thereon at the highest interest rate per annum borne by the Bonds, then such excess shall be paid to the City either by the Corporation, its assigns, or by its sublessee; or

(iii) Take whatever action at law or in equity may appear necessary or desirable to collect the Rentals and Additional Rentals then due and thereafter to become due during the Lease Term or enforce performance and observance of any obligation, agreement or covenant of the City under the Lease Agreement.

(b) Upon the occurrence and continuance of any Event of Non-Appropriation, the Trustee as provided in the Indenture shall give notice to the City to vacate the Leased Property immediately (but in no event earlier than the expiration of the then current Fiscal Year for which the City has paid or appropriated monies sufficient to pay all Rentals and Additional Rentals due for such Fiscal Year) and shall, without any further demand or notice, (i) terminate the Lease Agreement, re-enter the Leased Property and eject all parties in possession thereof therefrom, and sublease the Leased Property or (ii) take any action at law or in equity deemed necessary or desirable to enforce its rights with respect to the Leased Property.

No Remedy Exclusive. No remedy in the Lease Agreement conferred upon or reserved to the Corporation or the Trustee is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Lease Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Corporation or the Trustee to exercise any remedy reserved to it in the Lease Agreement it shall not be necessary to give any notice, other than such notice as may be required in the Lease Agreement or by law.

No Additional Waiver Implied by One Waiver. In the event any agreement contained in the Lease Agreement shall be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach under the Lease Agreement.

Amendments. Except as otherwise provided in the Lease Agreement or the Indenture, subsequent to the issuance of Bonds, and prior to all of the Bonds being paid in accordance with the Indenture and provision being made for the payment of all sums payable under the Indenture in accordance with Article XIII thereof, the Lease Agreement may not be effectively amended, changed, modified, altered, or terminated without the concurring written consent of the Trustee, given in accordance with the provisions of the Indenture.

Net Lease. The parties to the Lease Agreement agree (a) that the Lease Agreement is intended to be a net lease, (b) that the payments of Rentals and Additional Rentals are designed to provide the Corporation and the Trustee funds adequate in amount to pay all principal of and interest and any redemption premiums accruing on the Bonds as the same become due and payable, (c) that to the extent that the payments of Rentals and Additional Rentals are not sufficient to provide the Corporation and the

Trustee with funds sufficient for the purposes aforesaid, the City, subject to the provisions of Section 3.2 of the Lease Agreement, shall be obligated to pay, and it does covenant and agree to pay, upon demand therefor, as Additional Rentals, such further sums of money, in cash, as may from time to time be required for such purposes, and (d) that if, after all of the Bonds are deemed to be paid in accordance with Article XIII of the Indenture and provision has been made for payment of all other sums payable under the Indenture in accordance with Article XIII thereof, the Trustee or the Corporation holds unexpended funds received in accordance with the terms of the Lease Agreement, such unexpended funds shall, after payment therefrom of all sums then due and owing by the City under the terms of the Lease Agreement, and except as otherwise provided in the Lease Agreement and the Indenture, become the absolute property of and be paid over forthwith to the City.

Maintenance of Tax Exemption. Neither the City nor the Corporation shall take any action or fail to take any action which action or failure would cause the interest on any tax-exempt Bonds to be includable in gross income for federal or Missouri income tax purposes. The Corporation further covenants that, so long as the Bonds remain Outstanding, it will, to the best of its ability, maintain its status as an organization exempt from taxation. The City and the Corporation will comply with all applicable provisions of the Code, including Section 103 and Section 148 thereof and the regulations of the Treasury Department thereunder, from time to time proposed or in effect, in order to maintain the exclusion of interest on any tax-exempt Bonds from gross income for purposes of federal and Missouri income taxation. To this end, the City covenants and agrees that throughout the Lease Term it will operate the Leased Property solely for local governmental purposes and at no time shall the City allow in excess of five percent (5%) of the Leased Property financed with proceeds of any tax-exempt Bonds to be used in the trade or business of a non-governmental person within the meaning of the Code.

The City and the Corporation covenant and agree that they will use the proceeds of any tax-exempt Bonds as soon as practicable and with all reasonable dispatch for the purpose for which such tax-exempt Bonds are issued as set forth in the Lease Agreement, and that no part of the proceeds of such tax-exempt Bonds shall be invested in any securities, obligations or other investments except for the temporary period pending such use nor used, at any time, directly or indirectly, in a manner which, if such use had been reasonably anticipated on the date of issuance of such tax-exempt Bonds, would have caused any tax-exempt Bonds to be or become "arbitrage bonds" within the meaning of Section 103(b)(2) or Section 148 of the Code and the regulations of the Treasury Department thereunder proposed or in effect at the time of such use and applicable to obligations issued on the date of issuance of any tax-exempt Bonds.

Covenants of the City with Respect to Transfers. As long as any of the Bonds remain Outstanding or provision for the payment of the same made in accordance with the provisions of Article XIII of the Indenture, the City will not convey or transfer any interest in the Leased Property or any part thereof other than to the Corporation.

SUMMARY OF INDENTURE

The following is a summary of certain provisions of the Original Indenture, dated as of April 1, 2002, as amended and supplemented, including by the Third Supplemental Indenture of Trust, dated as of May 1, 2016 (the "Third Supplemental Indenture"), and the Fourth Supplemental Indenture of Trust, dated as of May 1, 2016 (the "Fourth Supplemental Indenture") pursuant to which the Series 2016A Bonds, the Series 2016B Bonds and the Series 2016C Bonds will be issued. The summary does not purport to be complete or comprehensive, and this summary is qualified in its entirety by reference to the Indenture, copies of which are available from the Corporation.

Granting Clause

The Corporation, subject to the Lease Agreement, grants, bargains and sells, mortgages, warrants, conveys and confirms and pledges, assigns and grants a security interest in all and singularly the following property unto the Trustee and its successors-in-trust and its assigns, for the benefit of the Bondholders:

1. All leases of the Trust Estate, or portions thereof, now or hereafter entered into and all right, title and interest of the Corporation thereunder.

2. All right, title and interest of the Corporation (including the right to enforce any of the terms thereof) in, to and under:

- the Base Lease,
- the Lease Agreement and all Rentals and Additional Rentals and certain other revenues, moneys and receipts pursuant to the Lease Agreement or otherwise available to secure the Bonds, except the amounts described in clauses (f), (g), (h) and (i) of the Lease Agreement and the Corporation's rights to indemnification under the Lease Agreement,
- all financing statements or other instruments or documents evidencing, securing or otherwise relating to the Lease Agreement, and
- any and all real and personal property interests, including but not limited to equipment, of the Corporation acquired by the Corporation in connection with the Leased Property pursuant to the Base Lease and the Lease Agreement subject to subparagraph (b) hereinabove.

3. All moneys and securities from time to time held by the Trustee under the Indenture, excluding moneys on deposit in the Rebate Fund, and any and all other real or personal property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security hereunder by the Corporation or by anyone on its behalf, or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture.

Nature of Obligations

The Series 2002A Bonds and the interest thereon, together with any Additional Bonds issued pursuant to the Indenture (collectively, the "Bonds"), are special obligations of the Corporation payable solely out of the Rentals and other revenues, moneys and receipts derived by the Corporation pursuant to the Lease Agreement, and are secured by a pledge and assignment of the Trust Estate to the Trustee and in favor of the Bondholders, as provided in the Indenture. No incorporator, member, agent, employee, director or officer of the Corporation or the City shall at any time or under any circumstances be individually or personally liable under the Indenture or the Lease Agreement for anything done or omitted to be done by the Corporation thereunder. The Bonds and the interest thereon shall not be a debt of the City or the State and the City and the State shall not be liable thereon, and the Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Assignment of Trust Estate

Pursuant to the Indenture, the Corporation will assign its interest in and to the Base Lease, the Lease Agreement and all Rentals and Additional Rentals and certain other revenues, moneys and receipts derived by the Corporation pursuant to the Lease Agreement (other than the Corporation's indemnification rights,

rights to payment of fees and expenses of the Corporation set forth in the Lease Agreement and amounts due to be rebated to the United States as provided in Section 148 of the Code), all financing statements or other instruments or documents evidencing, securing or otherwise relating to the Lease Agreement and any and all real and personal property interests, including, but not limited to, equipment, of the Corporation acquired by the Corporation in connection with the Project pursuant to the Base Lease and the Lease Agreement, subject to the reserved rights listed above, all moneys and securities from time to time held by the Trustee under the terms of the Indenture (other than moneys in the Rebate Fund) and any and all other real or personal property of any kind and nature from time to time, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security under the Indenture by the Corporation to the Trustee for the benefit of the holders of the Bonds (the foregoing being referred to as the "Trust Estate"). Additionally, the Corporation shall assign to the Trustee, all leases of the Trust Estate, or portions thereof now or hereafter entered into and all right, title and interest to the Corporation thereunder.

Creation and Ratification of Funds and Account Pursuant to Third Supplemental Indenture

The Bond Fund, the Costs of Issuance Fund, the Debt Service Reserve Fund, and the Rebate Fund created by the Indenture, as amended and supplemented, are ratified and confirmed. The Third Supplemental Indenture creates and orders to be established in the custody of the Trustee:

(a) within the Bond Fund a separate and distinct account to be designated the "Series 2016A Bond Account."

(b) within the Costs of Issuance Fund a separate and distinct account to be designated the "Series 2016A Costs of Issuance Account."

(c) within the Debt Service Reserve Fund a separate and distinct account to be designated the "Series 2016A Debt Service Reserve Account."

(d) the Series 2006A Escrow Fund (the "Escrow Fund").

Application of Funds with Respect to the Series 2016A Bond Account.

The Trustee shall deposit into the Series 2016A Bond Account (a) all amounts to be deposited in the Series 2016A Bond Account pursuant to the Lease Agreement corresponding to the payments of principal of, interest and redemption premium, if any, on the Series 2016A Bonds; (b) all interest and other income derived from the investments of funds on deposit in the Series 2016A Bond Account; (c) the pro-rata share allocable to the Series 2016A Bonds of any amounts on deposit in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement pursuant to the Indenture; and (d) all other moneys received by the Trustee which the Trustee is directed to deposit in the Series 2016A Bond Account.

The Trustee shall notify the Corporation and the City in writing fifteen (15) days prior to each Interest Payment Date of (a) the moneys then available in the Series 2016A Bond Account to pay any principal of, and interest and premium, if any, on the Series 2016A Bonds becoming due on such upcoming Interest Payment Date, and (b) to the extent such moneys are insufficient to make such payment, the amount of such deficiency, which amount shall be required to be paid as Rentals pursuant to the Lease Agreement. The Trustee shall make such payment of any principal of, and interest and premium, if any, on the Series 2016A Bonds becoming due on such upcoming Interest Payment Date as follows:

FIRST, from the moneys available in the Series 2016A Bond Account as of the date of the notice required above;

SECOND, from Rentals equal to the Series 2016A Portion of Debt Service required pursuant to the Lease Agreement; and

THIRD, from moneys available in the Debt Service Reserve Fund.

Except as otherwise provided in the Indenture, funds on deposit in the Series 2016A Bond Account shall be used and applied solely to pay the principal of, and interest and redemption premium, if any, on the Series 2016A Bonds.

Disbursements from the Series 2016A Costs of Issuance Account

Moneys on deposit in the Series 2016A Costs of Issuance Account shall be paid out from time to time by the Trustee upon the receipt by the Trustee of Written Requests executed by the Corporation Representative and the City Representative, in an amount equal to the amount of costs and expenses of issuing and securing the Series 2016A Bonds certified in such Written Requests, including, without limitation, credit enhancement expenses, printing expenses, rating agency fees, recording and filing fees, trustee's and depository's fees and expenses, fees and expenses of the Corporation, legal fees, and other fees and expenses incurred or to be incurred by or on behalf of the Corporation or the City in connection with or incident to the issuance, sale and delivery of the Series 2016A Bonds including the costs of amending or terminating any forward delivery or other investment contracts related to the Series 2006A Bonds. At such time as the Trustee is advised in writing by the Corporation Representative and the City Representative that such costs and expenses have been paid, and in any case not later than six months from the Closing Date, the Trustee shall transfer any moneys remaining in the Costs of Issuance Fund to the Series 2016A Bond Account.

In making payments pursuant to this Section, the Trustee may rely upon such written requests and certifications and shall not be required to make any independent inspection or investigation in connection therewith. The Corporation acknowledges that, under the provisions of the Foreign Account Tax Compliance Act, the Trustee is obligated to withhold 30% of the proceeds from any disbursement to a payee that has not delivered to the Trustee a tax identification number on a correctly completed IRS Form W-9.

Application of Funds With Respect to the Debt Service Reserve Fund

The Trustee will deposit cash or a surety bond policy in an amount sufficient to satisfy the Debt Service Reserve Fund Requirement in the Debt Service Reserve Fund. Except as herein otherwise provided, funds on deposit in the Debt Service Reserve Fund shall be used and applied by the Trustee solely to prevent a default in the event moneys on deposit in the Bond Fund shall be insufficient to pay the principal of and interest on the Bonds as the same become due. The Trustee may disburse and expend moneys from the Debt Service Reserve Fund whether or not the amount therein equals the Debt Service Reserve Fund Requirement. Moneys on deposit in the Debt Service Reserve Fund may be used to pay Bonds called for redemption or to purchase Bonds in the open market, prior to their Stated Maturity, provided all Bonds at the time Outstanding are called for redemption or purchased and sufficient funds are available therefor. Moneys on deposit in the Debt Service Reserve Fund shall be used to pay and retire the Bonds last becoming due, unless such Bonds and all interest thereon are otherwise paid.

So long as the sum on deposit in the Debt Service Reserve Fund shall aggregate an amount equal to the Debt Service Reserve Fund Requirement, no further deposits to said Debt Service Reserve Fund shall be required. If, however, the Trustee is ever required to withdraw funds from the Debt Service Reserve Fund to prevent a default as herein provided and the withdrawal of such funds reduces the amount on deposit in the Debt Service Reserve Fund to less than the Debt Service Reserve Fund

Requirement, the City shall make up such deficiency by making monthly payments, commencing on the first day of the calendar month following the date of such withdrawal and continuing on the first day of each month thereafter, in an amount equal to one-twelfth (1/12) of the maximum amount of such deficiency, until the amount on deposit in the Debt Service Reserve Fund again aggregates a sum equal to the Debt Service Reserve Fund Requirement. Such payments shall constitute Additional Rentals under the Lease Agreement.

Pursuant to the Original Indenture, as amended by the First Supplemental Indenture, interest accruing on, and any profit realized from, the Permitted Investments on deposit in the Debt Service Reserve Fund shall be credited to the Debt Service Reserve Fund; provided, that any excess monies in the Debt Service Reserve Fund shall be transferred to the Bond Fund after each quarterly valuation. In the event that the sum on deposit in Debt Service Reserve Fund exceeds the Debt Service Reserve Fund Requirement by reason of the issuance of Additional Bonds refunding a portion or all of one or more Series of Bonds hereunder, the Corporation may direct the Trustee to transfer such funds in excess of the Debt Service Reserve Fund Requirement to such account or subaccount under the Indenture as may be approved by Bond Counsel.

Notwithstanding the foregoing, any of the following may be used in lieu of or as partial substitution for cash in the Debt Service Reserve Fund: an insurance policy, letter of credit, line of credit, guaranty or surety bond or any similar credit or liquidity facility, or any combination thereof which facility shall be obtained from an entity that is rated in one of the two highest rating categories by either Moody's, Fitch or S&P. In the case of the utilization of any cash substitute as described in this paragraph, any moneys remaining in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement shall be transferred to the Bond Fund pursuant to the Original Indenture and the First Supplemental Indenture.

Valuation of Debt Service Reserve Fund

Permitted Investments in the Debt Service Reserve Fund shall be valued at the market value thereof, exclusive of accrued interest, by the Trustee quarterly on January 15, April 15, July 15 and October 15 of each year and the amount on deposit therein determined accordingly. In the event that on any such date of evaluation the amount on deposit in the Debt Service Reserve Fund shall aggregate an amount less than the Debt Service Reserve Fund Requirement (by reason of such evaluation and not by reason of any withdrawal), the City shall make up such deficiency as Additional Rentals equal to such deficiency no later than the next evaluation date. Such payments shall constitute Additional Rentals under the Lease Agreement. In the event that on any such date of evaluation the amount on deposit in the Debt Service reserve Fund shall aggregate an amount which is equal to or exceeds the Debt Service Reserve Fund Requirement, such amount in excess of the Debt Service Reserve Fund Requirement shall be transferred to the Bond Fund pursuant to the Original Indenture and the First Supplemental Indenture. Any surety bond deposited to the debt Service Reserve Fund shall be valued at the principal amount thereof.

After payment in full of the principal of, premium, if any, and interest on the Bonds (or provision has been made for the payment thereof as specified in the Indenture), and the fees, charges and expenses of the Trustee and any Paying Agent and any other amounts required to be paid under the Indenture, the Lease Agreement, all amounts remaining in the Debt Service Reserve Fund shall be paid to the City.

Debt Service Reserve Fund

The funds on deposit in the Debt Service Reserve Fund shall be used and applied by the Trustee solely to prevent a default in the event moneys on deposit in the Bond Fund shall be insufficient to pay the principal of and interest on the Bonds as the same become due. The Trustee may disburse and expend moneys from the Debt Service Reserve Fund, whether or not the amount therein equals the Debt Service Reserve Fund Requirement. Moneys on deposit in the Debt Service Reserve Fund may be used to pay Bonds called for redemption, or to purchase Bonds in the open market, prior to their Stated Maturity, provided all Bonds at the time Outstanding are called for redemption or purchased, and sufficient funds are available therefor. Moneys on deposit in the Debt Service Reserve Fund shall be used to pay or retire the Bonds last becoming due, unless such Bonds and all interest thereon are otherwise paid.

So long as the sum on deposit in the Debt Service Reserve Fund shall aggregate an amount equal to the Debt Service Reserve Fund Requirement, no further deposits to said Debt Service Reserve Fund shall be required. If, however, the Trustee is ever required to withdraw funds from the Debt Service Reserve Fund to prevent a default under the Indenture, and the withdrawal of such funds reduces the amount on deposit in the Debt Service Reserve Fund to less than the Debt Service Reserve Fund Requirement, the City shall make up such deficiency in accordance with the provisions of the Lease Agreement by making monthly payment of Additional Rentals, commencing on the first day of the calendar month following the date of such withdrawal, and continuation on the first day of each month thereafter in an amount equal to one-twelfth (1/12) of the maximum amount of such deficiency, until the amount on deposit in the Debt Service Reserve Fund again aggregates a sum equal to the Debt Service Reserve Fund Requirement.

Notwithstanding the foregoing, any of the following may be used in lieu of or as partial substitution for cash in the Debt Service Reserve Fund: an insurance policy, letter of credit, line of credit, guaranty or surety bond or any similar credit or liquidity facility, or any combination thereof which facility shall be obtained from an entity that is rated in one of the two highest rating categories by either Moody's, Fitch or S&P. In the case of the utilization of any cash substitute as described in this paragraph, any moneys remaining in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement shall be transferred to the Bond Fund.

Investment earnings on funds on deposit in the Debt Service Reserve Fund shall be deposited into the Bond Fund.

Creation and Ratification of Funds and Account Pursuant to Fourth Supplemental Indenture

Pursuant to the Fourth Supplemental Indenture, the Bond Fund, the Costs of Issuance Fund, the Project Fund, and the Rebate Fund created by the Original Indenture, as amended and supplemented, are ratified and confirmed. There are also created and ordered to be established in the custody of the Trustee:

(a) within the Costs of Issuance Fund a Series 2016B Account (the “Series 2016B Costs of Issuance Account”) and a Series 2016C Account (the “Series 2016C Costs of Issuance Account”);

(b) within the Bond Fund a Series 2016B Account (the “Series 2016B Bond Account”); and a Series 2016C Account (the “Series 2016C Bond Account”);

(c) within the Project Fund: (1) a Series 2016B Account (the “Series 2016B Project Account”) and within the Series 2016B Project Account, a “Public Buildings Subaccount” and “Loan Subaccount;” and (2) a Series 2016C Account (the “Series 2016C Project Account”);

(d) the Leasehold Revenue Bond Capitalized Interest Fund (the “Capitalized Interest Fund”) and with such fund a Series 2016B Account (the “Series 2016B Capitalized Interest Account”); and

(e) the Leasehold Revenue Bond Revenue Fund (the "Revenue Fund") and within such Revenue Fund, a Principal Reserve Account (the "Principal Reserve Account").

The Trustee is authorized to establish separate accounts within such funds or otherwise segregate moneys within such funds, on a book-entry basis or in such other manner as the Trustee may deem necessary or convenient, or as the Trustee shall be instructed by the Corporation.

Series 2016B and Series 2016C Costs of Issuance Fund.

The moneys on deposit in the Series 2016B Costs of Issuance Account and the Series 2016C Costs of Issuance Account of the Costs of Issuance Fund shall be disbursed by the Trustee from time to time, upon receipt of written disbursement requests signed by the Corporation Representative and the City Representative, in amounts equal to the amount of Costs of Issuance certified in such written requests. At such time as the Trustee is advised in writing by the Corporation Representative and the City Representative that such costs and expenses have been paid, and in any case not later than six months from the Closing Date, the Trustee shall transfer any moneys remaining in the Series 2016B Costs of Issuance Account and the Series 2016C Costs of Issuance Account of the Cost of Issuance Fund to the Series 2016B Bond Account and the Series 2016C Bond Account, respectively.

Disbursements from the Project Fund.

The Trustee is authorized and directed to make each disbursement from the Series 2016B Project Account or the Series 2016C Project Account of the Project Fund and upon submission of a disbursement request executed by the Corporation Representative and the City Representative. In making payments pursuant to this Section, the Trustee may rely upon such disbursement requests and shall not be required to make any independent inspection or investigation in connection therewith. The Corporation acknowledges that, under the provisions of the Foreign Account Tax Compliance Act, the Trustee is obligated to withhold 30% of the proceeds from any disbursement to a payee that has not delivered to the Trustee a tax identification number on a correctly completed IRS Form W-9.

Moneys in the Project Fund shall be invested as provided in the Original Indenture, as amended and supplemented. The Trustee shall keep and maintain adequate records pertaining to the such Account of the Project Fund and all receipts and disbursements therefrom, including records of all disbursement request submitted pursuant to this Fourth Supplemental Indenture, and after either the public building phase or the residential loan portion of the Series 2016 Project has been completed and a completion certificate has been filed with the Trustee with respect to such portion of the Series 2016 Project, the Trustee shall, upon the written request of and at the expense of the City, file an accounting thereof with the Corporation and the City. The Trustee shall be entitled to rely conclusively on the statements of fact and certifications contained in any completion certificate furnished to the Trustee under the Indenture.

The completion of the public building portion of the Series 2016 Project and the expenditure of all bond proceeds deposited in the Loan Account and the payment of all costs and expenses incident thereto shall be evidenced by the filing with the Trustee of the certificate of the City Representative required by the provisions of the Lease Agreement setting out the Completion Date as to such component. Any moneys remaining in the Series 2016B Project Account or the Series 2016C Project Account on a Completion Date occurring before May 4, 2019, shall, at the option of the City (i) be transferred to the Series 2016B Bond Account and used without further authorization to redeem Series 2016B/C Bonds on the next succeeding optional or mandatory redemption date or (ii) be allocated for use of other qualified energy conservation purposes as permitted by the Ordinance.

Any moneys on deposit in the Loan Subaccount or the Public Buildings Subaccount prior to May 4, 2019, may be transferred to the other account in the Series 2016B Project Account at the written direction of the City Representative.

Revenue Fund.

The City and the Corporation, as applicable, shall deposit, or cause to be deposited, into the Revenue Fund (i) all Green Community Repayments received from the Program Administrator and (ii) QECB Interest Subsidy Payments as soon as practicable after receipt, but in no event later than the 5th day of the month following receipt.

On or before the 5th day of each April and October for so long as any Series 2016B Bonds or Series 2016C Bonds remain Outstanding, the Trustee shall transfer amounts received as QECB Interest Subsidy Payments or amounts representing the interest component of Green Community Repayments on deposit in the Revenue Fund to the extent necessary (after considering the balances available therefor in the Series 2016B Capitalized Interest Account) to pay the Series 2016B Portion of Debt Service and the Series 2016C Portion of Debt Service on the next Payment Date; provided, however, that all amounts derived from the QECB Interest Subsidy Payments shall be deposited into the Series 2016B Account of the Bond Fund and applied only to the payment of the Series 2016B Portion of Debt Service. The Trustee shall notify the Corporation and the City of the amount of such transfer and the balance of funds to be transferred pursuant to the Fourth Supplemental Indenture in order to pay the principal of and interest coming due on the Series 2016B Bonds and Series 2016C Bonds on the next Payment Date.

Principal Reserve Account. Pursuant to the Second Supplemental Lease Agreement, the City has agreed to pay as Additional Rentals amounts as shown on Schedule I attached hereto on or before April 15 of each year. Amounts on deposit in the Principal Reserve Account shall remain invested in a Sinking Fund Permitted Investment pursuant to written instructions from the City and shall be transferred to the Series 2016B Bond Account of the Bond Fund on or prior to the maturity date for the Series 2016B Bonds or any earlier optional redemption date for the Series 2016B Bonds as may be exercised by the Corporation at the written direction of the City.

Payments of Rentals and Additional Rentals by City

Subject to annual appropriation, not less than three (3) Business Days prior to each Payment Date, the City shall transfer to the Trustee as Rentals under the Lease Agreement funds sufficient to pay the Series 2016B Portion of Debt Service and the Series 2016C Portion of Debt Service for the Series 2016B/C Bonds as shown on Schedule II attached to the Lease Agreement and funds sufficient to pay the Additional Rentals due and payable to the Trustee and the Paying Agent under the Lease Agreement. The Trustee shall deposit such amounts received from the City as follows:

(a) *First*, for transfer to the Bond Fund an amount sufficient, taking into account amounts on deposit therein, to pay the Series 2016B Portion of Debt Service and the Series 2016C Portion of Debt Service on the next succeeding Payment Date (taking into account moneys already on deposit in the respective Bond Accounts and the Capitalized Interest Account for payment of principal of and interest on the Series 2016B Bonds and Series 2016C Bonds respectively);

(b) *Second*, for payment to the Trustee and any Paying Agent as Additional Rentals, an amount sufficient for payment of any fees and expenses which are due and owing to the Trustee or any Paying Agent, upon delivery to the Corporation of an invoice for such amounts;

(c) *Third,* for payment to the Trustee of any amounts required to be paid by the City into the Principal Reserve Account pursuant to the Fourth Supplemental Indenture and the Second Supplemental Lease Purchase Agreement.

If the amount transferred by the City shall be insufficient to make all such deposits, the Trustee shall apply such amounts into such funds and accounts as directed by the Corporation.

All other Additional Rentals shall be paid by the City directly to the parties to which such Additional Rentals are due and payable under the Lease Agreement.

Bond Fund.

The Trustee shall deposit and credit to the Bond Fund, as and when received, as follows:

(a) Interest earnings and other income on Permitted Investments required to be deposited in the Bond Fund pursuant to the Original Indenture, as amended and supplemented.

(b) All other moneys received by the Trustee under and pursuant to any of the provisions of the Indenture or any other Transaction Document, when accompanied by directions from the Person depositing such moneys that such moneys are to be paid into the Bond Fund.

The moneys in the Series 2016B Bond Account and the Series 2016C Bond Account of the Bond Fund shall be held in trust and shall be applied solely in accordance with the provisions of this Fourth Supplemental Indenture to pay the principal of and redemption premium, if any, and interest on the Series 2016B Bonds and Series 2016C Bonds as the same become due and payable. Except as otherwise provided herein, moneys in the Series 2016B Bond Account and the Series 2016C Bond Account of the Bond Fund shall be expended solely as follows: (i) to pay interest on the Series 2016B Bonds and Series 2016C Bonds as the same becomes due; (ii) to pay principal of the Series 2016B Bonds and Series 2016C Bonds as the same mature or become due and upon any mandatory sinking fund redemption thereof; and (iii) to pay principal of and redemption premium, if any, on the Series 2016B Bonds and Series 2016C Bonds as the same become due upon redemption (other than mandatory sinking fund redemption) prior to maturity. Amount received from the QECB Interest Subsidy Payment can only be applied to the debt service on the Series 2016B Bonds.

The Trustee is authorized and directed to withdraw sufficient funds from the respective Bond Account to pay the Series 2016B Portion of Debt Service and Series 2016C Portion of Debt Service as the same become due and payable at maturity or upon redemption and to make said funds so withdrawn available to the Trustee and any Paying Agent for the purpose of paying said principal, redemption premium, if any, and interest on the Series 2016B/C Bonds.

The Trustee, upon the written instructions from the Corporation, shall use excess moneys in the Series 2016B Bond Account and the Series 2016C Bond Account of the Bond Fund to redeem all or part of the Series 2016B Bonds and Series 2016C Bonds Outstanding and to pay interest to accrue thereon prior to such redemption and redemption premium, if any, on the next succeeding redemption date for which the required redemption notice may be given or on such later redemption date as may be specified by the Corporation, to the extent said moneys are in excess of the amount required for payment of Series 2016B/C Bonds theretofore matured or called for redemption. The Corporation may cause such excess money in the Series 2016B Bond Account and the Series 2016C Bond Account of the Bond Fund or such part thereof or other moneys of the Corporation, as the Corporation may direct, to be applied by the Trustee on a best efforts basis to the extent practical for the purchase of Series 2016B/C Bonds in the open market for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of such purchase.

After payment in full of the principal of redemption premium, if any, and interest on the Series 2016B Bonds and Series 2016C Bonds (or after provision has been made for the payment thereof as provided in the Original Indenture, as amended and supplemented), and the fees, charges and expenses of the Trustee, any Paying Agents and the Corporation, and any other amounts required to be paid under the Indenture, all amounts remaining in the Series 2016B Bond Account and the Series 2016C Bond Account of the Bond Fund shall be paid to the City.

Series 2016B/C Bonds Not Secured by Debt Service Reserve Fund.

Provisions in the Original Indenture relating to the Debt Service Reserve Fund shall be inapplicable to the Series 2016B/C Bonds.

Rebate Fund

All moneys required to or expected to be rebated to the United States shall be deposited in the Rebate Fund.

Deposits into the Escrow Fund

Moneys on deposit in the Escrow Fund shall be used and applied to redeem the Outstanding Series 2006A Bonds on the Redemption Date.

Investment of Moneys in Project Fund, Costs of Issuance Fund, Bond Fund and Debt Service Reserve Fund

Moneys held in the Project Fund, the Costs of Issuance Fund, the Bond Fund and the Debt Service Reserve Fund and the Rebate Fund shall be invested and reinvested by the Trustee in Permitted Investments which mature or are subject to redemption by the Holder prior to the date such funds will be needed. Any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund or account in which such moneys are originally held, and the interest accruing thereon and any profit realized from such Permitted Investments shall be credited to such fund or account or as otherwise provided by any Supplemental Indenture, and any loss resulting from such Permitted Investments shall be charged to such fund or account. The Trustee shall sell and reduce to cash a sufficient amount of such Permitted Investments whenever the cash balance in such fund or account is insufficient for the purpose of such fund or account. The Trustee shall transfer excess moneys in the Debt Service Reserve Fund to the Bond Fund after each quarterly valuation.

Additional Bonds

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

(a) paying the Costs of completing the Project or costs of any other project or projects approved by the City and the Corporation to be financed through the issuance of parity Bonds under this Indenture and to which the City has agreed, subject to annual appropriation from the City's general fund, to amend and supplement the Lease Agreement to add Rentals sufficient to pay principal and interest coming due on such Additional Bonds; or

(b) providing funds for refunding of all or a portion of the Bonds then Outstanding of any Series, including the payment of any redemption premium thereon and interest to accrue to the designated Redemption Date and any expenses in connection with such refunding.

Before any Additional Bonds shall be issued the Corporation shall adopt a resolution authorizing the issuance of such Additional Bonds, fixing the amount and terms thereof and describing the purpose or purposes for which such Additional Bonds are being issued, authorizing the Corporation to enter into a Supplemental Indenture for the purpose of issuing such Additional Bonds, and, if necessary, authorizing the Corporation to enter into a Supplemental Lease Agreement or other security instruments, to provide for the use of the proceeds of such Additional Bonds and payments at least sufficient to pay the principal of, and redemption premium, if any, and interest on the Bonds then to be Outstanding as the same become due and for such other matters as are appropriate because of the issuance of such Additional Bonds.

Such Additional Bonds shall include terms and descriptive words within its title as appropriate to further describe the purpose for which the Additional Bonds are being issued, with identifying series letter or date and, if appropriate, for the insertion of the word "Refunding" in the case of Refunding Bonds, shall be numbered, shall bear interest at such rate or rates not exceeding the maximum rate then permitted by law, shall be stated to mature and shall be redeemable at such times and prices (subject to Article III of the Original Indenture as amended and supplemented), all as may be provided by the Supplemental Indenture authorizing such Additional Bonds. Except as to any difference in the date, the Stated Maturities, the rate or rates of interest or the provisions for redemption, such Additional Bonds shall be entitled to the same benefit and security of this Indenture as the Bonds. No Refunding Bonds shall be issued to refund all or a portion of Outstanding Bonds unless such Outstanding Bonds shall be deemed defeased under this Indenture upon completion of such refunding and the total debt service due shall be no greater than such total debt service would have been without the refunding of such Outstanding Bonds.

Nothing in this Indenture shall prohibit the Corporation from issuing bonds for any permissible purpose under separate indentures of trust or separate supplemental indentures.

Events of Default

If any one or more of the following events occur, it is hereby defined as and declared to be and to constitute an "Event of Default":

(a) Default by the Corporation in the due and punctual payment of any interest on any Bond;

(b) Default by the Corporation in the due and punctual payment of the principal of or redemption premium, if any, on any Bond, whether at the Stated Maturity or other Maturity thereof, or upon proceedings for redemption thereof;

(c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Corporation contained in the Indenture or in the Bonds or in any other document or instrument that secures or otherwise relates to the debt and obligations secured by the Indenture, and the continuance thereof for a period of thirty (30) days after written notice given to the Corporation and the City by the Trustee, or to the Trustee, the City, and the Corporation by the Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding; provided, however, if the failure stated in the notice cannot be corrected within the said 30-day period, the Trustee may consent in writing to an extension of such time prior to its expiration and the Trustee will not unreasonably withhold its consent to such an extension if corrective action is instituted by the Corporation or the City within the 30-day period and diligently pursued to completion and if such consent in its judgment, does not materially adversely affect the interests of the Bondholders.

(d) An Event of Default under the Lease Agreement.

Acceleration of Maturity in Event of Default

If an Event of Default shall have occurred and be continuing, the Trustee may and, upon the written request of the Holders of not less than 51% in aggregate principal amount of Bonds then Outstanding, shall, by notice in writing delivered to the Corporation and the City, declare the principal of all Bonds then Outstanding and the interest accrued thereof immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

If the payment of the Bonds is accelerated, each Bond shall be payable in the principal amount thereof and accrued interest thereon.

Surrender of Possession of Trust Estate; Rights and Duties of Trustee in Possession

If an Event of Default shall have occurred and be continuing, the Corporation, upon demand of the Trustee, shall forthwith surrender the possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all or any part of the Trust Estate, together with the books, papers and accounts of the Corporation pertaining thereto, and including the rights and the position of the Corporation under the Lease Agreement and to collect, receive and sequester the Rentals and other revenues, moneys and receipts derived under the Lease Agreement, and out of the same and any moneys received from any receiver of any part thereof pay, and set up proper reserves for the payment of all proper costs and expenses of so taking, holding and managing the same, including (i) reasonable compensation to the Trustee, its agents and counsel and (ii) any charges or expenses of the Trustee and its agents and counsel hereunder, and the Trustee shall apply the remainder of the moneys so received in accordance with the Indenture. The collection of such Rentals, revenues and other receipts, or the application thereof shall not cure or waive any default or notice of default under the Indenture or invalidate any act done in response to such default or pursuant to notice of default. Whenever all that is due upon the Bonds shall have been paid and all defaults cured, the Trustee shall surrender possession of the Trust Estate to the Corporation, its successors or assigns, the same rights, however, to exist upon any subsequent Event of Default.

Exercise of Remedies by the Trustee

Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of and interest on the Bonds then Outstanding, and enforce and compel the performance of the duties and obligations of the Corporation as herein set forth or to enforce or realize upon any of the rights, powers, liens or interests granted hereby to the Trustee. Upon the occurrence of an Event of Default, the Trustee may exercise any of the rights and remedies of a secured party under the Missouri Uniform Commercial Code or other applicable laws and require the Corporation to assemble any collateral covered by the Indenture and make it available to the Trustee at a place to be designed by the Trustee which is reasonably convenient to both parties.

Exercise of Rights and Powers

If an Event of Default shall have occurred and be continuing, and if requested so to do by the Holders of 25% in aggregate principal amount of Bonds then Outstanding and indemnified as provided in the Indenture, the Trustee shall be obligated to exercise one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, deems most expedient in the interests of the Bondholders.

All rights of action under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Bondholder, and any recovery or judgment shall, subject to the Indenture, be for the equal benefit of all the Registered Owners of the Outstanding Bonds.

Limitation on Exercise of Remedies by Bondholders

No Bondholder shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust under the Indenture or for the appointment of a receiver or any other remedy unless:

(i) a default has occurred of which the Trustee has been notified or of which the Trustee is deemed to have notice;

(ii) such default shall have become an Event of Default;

(iii) the Holders of 25% in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee, shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore described or to institute such action, suit or proceedings in its own name, and shall have provided to the Trustee indemnity as provided in the Indenture; and

(iv) the Trustee shall thereafter fail or refuse to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name; and such notification, request and provision of indemnity are declared in every case, at the option of the Trustee under the Indenture, to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy, it being understood and intended that no one or more Bondholders shall have any right in any manner whatsoever to affect, disturb or prejudice the Indenture by its, his or their action or to enforce any right except in the manner provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Registered Owners of all Bonds then Outstanding. Nothing in the Indenture shall affect or impair the right of any Bondholder to payment of the principal of, and premium, if any, and interest on any Bond at and after its Maturity or the obligation of the Corporation to pay the principal of, and premium, if any, and interest on, each of the Bonds to the respective Registered Owners thereof at the time, place, from the source and in the manner herein and in such Bond expressed.

Opportunity of City to Purchase or Cure in the Event of Default

(a) Upon receipt of notice by the City of an Event of Default pursuant to the Indenture, the Corporation has, under the Lease Agreement, granted the City an option to purchase the Corporation's interest in the Carnahan Courthouse under the Lease Agreement.

(b) Upon receipt of notice by the City of an Event of Default pursuant to the Indenture, the Corporation pursuant to the Indenture, grants the City full authority, on account of the Corporation, to perform any covenant, agreement, or obligation, non-performance of which is alleged in said notice to constitute a default, in the name and stead of the Corporation, with full power to do any and all things and acts to the same extent that the Corporation could do, and perform any such things and acts in order to remedy such default.

Supplemental Indentures Not Requiring Consent of Bondholders

The Corporation with the approval of the Board of Aldermen and the Trustee may from time to time, without the consent of or notice to any of the Bondholders, enter into such Supplemental Indenture or Supplemental Indentures as shall not adversely affect the interests of the Bondholders for any one or more of the following purposes: (a) to cure any ambiguity or formal defect or omission in the Indenture or to correct or supplement any provision which may be inconsistent with any other provision therein: (b) to grant or to confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or either of them; (c) to subject to the Indenture additional revenues, properties or collateral; (d) to issue Additional Bonds, provided that the consent of the Credit Provider shall only be required in this instance, when the consent of the Credit Provider is otherwise required pursuant to the Indenture; (e) to make any other change which in the sole determination of the Trustee does not materially adversely affect the Bondholders, and (f) to evidence the appointment of a separate trustee or co-trustee or the succession of a new trustee.

Supplemental Indentures Requiring Consent of Bondholders

The Holders of not less than a majority in aggregate principal amount of Bonds at the time Outstanding have the right, from time to time, to consent to and approve the execution by the Corporation and the Trustee of such other Supplemental Indenture or Supplemental Indentures as are deemed necessary and desirable by the Corporation and the City for the purpose of modifying, amending, adding to or rescinding, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided that the consent of all of the Holders of the Bonds then Outstanding is required for (a) an extension of the maturity of the principal of or the interest on any Bond, or (b) a reduction in the principal amount of any Bond or the rate of interest thereon, or (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (d) reduction in the aggregate principal amount of the Bonds, the Holders of which are required to consent to any such Supplemental Indenture.

If at any time the Corporation shall request the Trustee to enter into any such Supplemental Indenture, the Trustee shall cause notice of the proposed execution of such Supplemental Indenture to be mailed to each Bondholder at the address shown on the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Bondholders. If within 60 days or such longer period as shall be prescribed by the Corporation following the mailing of such notice, the Holders of not less than the requisite aggregate principal amount of Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof and therein provided, no Holder of any Bond shall have right to object to any of the terms and provisions contained therein, of the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Corporation from executing the same or from taking any action pursuant to the provisions thereof.

Supplemental Lease Agreements and Supplemental Base Leases Not Requiring Consent of Bondholders

The Corporation and the Trustee shall, without the consent of or notice to the Bondholders consent to the execution of any Supplemental Lease Agreement and any Supplemental Base Lease, as may be required (a) by the Lease Agreement, the Base Lease or the Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission, (c) in connection with the issuance of Additional Bonds, or (d) in connection with any other change therein which, in the sole determination of the Trustee, does not materially adversely affect the interests of the Trustee or the Bondholders.

Supplemental Lease Agreements and Supplemental Base Leases Requiring Consent of Bondholders

Except for the amendments, changes or modifications described in the previous paragraph, neither the Corporation nor the Trustee can consent to the execution of any Supplemental Lease Agreement or any Supplemental Base Lease without the mailing of notice and the obtaining of the written approval or consent of the Holders of not less than a majority in aggregate principal amount of Bonds at the time Outstanding given and obtained as provided in the Indenture; provided that the consent of all the Holders of Bonds shall be required for (a) the creation of any lien ranking superior to or on a parity with the lien of the Indenture, unless otherwise permitted or (b) a reduction in the aggregate principal amount of the Bonds, the Holders of which are required to consent to any Supplemental Lease Agreement or any Supplemental Base Lease. If at any time the Corporation and the City shall request the consent of the Trustee to any such proposed Supplemental Lease Agreement or any Supplemental Base Lease, the Trustee shall cause notice of such proposed Supplemental Lease Agreement or Supplemental Base Lease to be given in the same manner as provided with respect to Supplemental Indentures. Such notice is required to briefly set forth the nature of such proposed Supplemental Base Lease or Supplemental Lease Agreement and is required to state that copies of the same are on file at the principal corporate trust office of the Trustee for inspection by all Bondholders.

Continuing Disclosure.

The City has covenanted and agreed in the Continuing Disclosure Agreement that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Indenture, failure of the City or the Dissemination Agent to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default under the Indenture; however, the Dissemination Agent may (and, so long as the Trustee is the Dissemination Agent, the Dissemination Agent shall, at the request of any Original Purchaser or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, having been indemnified in accordance with Original Indenture) and any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City and the Dissemination Agent, as applicable to comply with their respective obligations under the Continuing Disclosure Agreement. For purposes of this Section, "Beneficial Owner" means any Person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2016A Bonds (including Persons holding Series 2016A Bonds through nominees, depositories or other intermediaries), or (b) is treated as the Owner of any Series 2016A Bonds for federal income tax purposes, and "Participating Underwriter" and "Dissemination Agent" shall have the meanings ascribed thereto in the Continuing Disclosure Agreement.

Transaction Conducted by Electronic Means.

The transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

APPENDIX E

BOOK-ENTRY SYSTEM

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APPENDIX E

BOOK-ENTRY SYSTEM

DTC will act as securities depository for the Series 2016 Bonds. The Series 2016 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. Initially, one fully-registered certificate will be issued for each Maturity of the Series 2016 Bonds, in the aggregate principal amount of each Maturity of the Series 2016 Bonds, and will be deposited with DTC.

So long as Cede & Co., as nominee of DTC, is the Registered Owner of the Series 2016 Bonds, the Beneficial Owners of the Series 2016 Bonds will not receive or have the right to receive physical delivery of the Series 2016 Bonds, and references herein to the Bondholders or Registered Owners of the Series 2016 Bonds mean the Cede & Co. or such other DTC nominee and not the Beneficial Owners of the Series 2016 Bonds.

DTC and its Participants. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (***"Direct Participants"***) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (***"DTCC"***). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (***"Indirect Participants"***). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at *www.dtcc.com*.

Purchase of Ownership Interests. Purchases of Series 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2016 Bond (***"Beneficial Owner"***) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2016 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2016 Bonds, except in the event that use of the Book-Entry System for the Series 2016 Bonds is discontinued.

Transfers. To facilitate subsequent transfers, all Series 2016 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2016 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2016 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2016 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2016 Bond documents. For example, Beneficial Owners of Series 2016 Bonds may wish to ascertain that the nominee holding the Series 2016 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption. Redemption notices shall be sent to DTC. If less than all of the Series 2016 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Series 2016 Bonds to be redeemed.

Voting. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2016 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation, as issuer, as soon as possible after the record date. The Omnibus Proxy assigns the Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal and Interest. Payments of the principal of, premium, if any, and interest on the Series 2016 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "*street name*" and will be the responsibility of such Participant and not of DTC (or its nominee), the Trustee, or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of the principal of, premium, if any, and interest on the Series 2016 Bonds to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC is the responsibility of the Corporation or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

Discontinuation of Book-Entry System. DTC may discontinue providing its services as securities depository with respect to the Series 2016 Bonds at any time by giving notice to the Corporation or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2016 Bond certificates are required to be printed and delivered.

The Corporation may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2016 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and the Book-Entry System has been obtained from sources that the Corporation, the City, and the Underwriters believe to be reliable, but none of the Corporation, the City, or the Underwriters takes any responsibility for the accuracy of such information, and the DTC Participants and the Beneficial Owners should not rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

THE CORPORATION, THE CITY, THE UNDERWRITERS, AND THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY SUCH DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (II) THE PAYMENT BY ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2016 BONDS; (III) THE DELIVERY BY ANY SUCH DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE

INDENTURE TO BE GIVEN TO BONDHOLDERS; (IV) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2016 BONDS; OR (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

DURING THE PERIOD THAT THE NOMINEE IS THE REGISTERED OWNER OF THE SERIES 2016 BONDS, ANY REFERENCES IN THIS OFFICIAL STATEMENT TO NOTICES THAT ARE TO BE GIVEN TO OWNERS BY THE TRUSTEE WILL BE GIVEN ONLY TO CEDE & CO., OR SUCH OTHER NOMINEE AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC. DTC WILL BE EXPECTED TO FORWARD (OR CAUSE TO BE FORWARDED) THE NOTICE TO THE DIRECT PARTICIPANTS BY ITS USUAL PROCEDURES SO THAT SUCH DIRECT PARTICIPANTS MAY FORWARD (OR CAUSE TO BE FORWARDED) THE NOTICES TO THE INDIRECT PARTICIPANTS AND THE BENEFICIAL OWNERS. THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ASSURE THAT ANY SUCH NOTICE IS FORWARDED BY DTC TO THE DIRECT PARTICIPANTS OR BY THE DIRECT PARTICIPANTS TO THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS. ANY FAILURE BY DTC TO ADVISE ANY DIRECT PARTICIPANT, OR ANY FAILURE BY ANY DIRECT PARTICIPANT TO NOTIFY ANY INDIRECT PARTICIPANT, OR ANY FAILURE BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER OF ANY SUCH NOTICE AND ITS CONTENT OR EFFECT SHALL NOT AFFECT THE VALIDITY OF ANY ACTION PREMISED ON SUCH NOTICE.

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APPENDIX F

FORM OF OPINION OF CO-BOND COUNSEL

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APPENDIX F
FORM OF OPINION OF CO-BOND COUNSEL

May 4, 2016

St. Louis Municipal Finance Corporation
St. Louis, Missouri

Stern Brothers & Co.
St. Louis, Missouri

The City of St. Louis, Missouri
St. Louis, Missouri

Blaylock Beal Van, LLC
New York, New York

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

Re: $16,865,000 Carnahan Courthouse Leasehold Refunding Revenue Bonds, Series 2016A (City of St. Louis, Missouri, Lessee) (the "Series 2016A Bonds"), $3,635,000 Taxable Qualified Energy Conservation Leasehold Revenue Bonds – Direct Pay (Energy Efficiency Program), Series 2016B (the "Series 2016B Bonds"), and $405,000 Taxable Leasehold Revenue Bonds (Energy Efficiency Program), Series 2016C (the *"Series 2016C Bonds"*)

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by St. Louis Municipal Finance Corporation (the *"Corporation"*) of the above-referenced bonds (collectively the *"Series 2016 Bonds"*) pursuant to a Resolution adopted by the Corporation on April 19, 2016 (the *"Resolution"*). In such capacity, we have examined such law and such certified proceedings and other documents and materials as we deem necessary to enable us to render this opinion, including the following documents:

a. Resolution;

b. Indenture of Trust dated as of April 1, 2002 (the *"Original Indenture"*), by and between the Corporation and UMB Bank, N.A., as trustee (the *"Trustee"*), as supplemented by the First Supplemental Indenture of Trust dated as of October 1, 2006 by and between the Corporation and the Trustee (the *"First Supplemental Indenture"*), the Second Supplemental Indenture of Trust dated as of July 1, 2010 (the *"Second Supplemental Indenture"*) by and between the Corporation and the Trustee, the Third Supplemental Indenture of Trust dated as of May 1, 2016 by and between the Corporation and the Trustee (the *"Third Supplemental Indenture"*), and the Fourth Supplemental Indenture of Trust dated as of May 1, 2016 by and between the Corporation and the Trustee (the *"Fourth Supplemental Indenture"* which, together with the Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, and the Third Supplemental Indenture, is referred to herein as the *"Indenture"*);

c. Base Lease dated as of April 1, 2002 (the *"Original Base Lease"*) by and between The City of St. Louis, Missouri (the *"City"*), as lessor, and the Corporation, as lessee, as amended and supplemented by the First Supplemental Base Lease dated as of May 1, 2016, by and between the City, as lessor, and the Corporation, as lessee (the *"First Supplemental Base Lease"* and, together with the Original Base Lease, the *"Base Lease"*);

d. Lease Purchase Agreement dated as of April 1, 2002, by and between the Corporation, as lessor, and the City, as lessee (the *"Original Lease Agreement"*), as amended and supplemented by the First Supplemental Lease Purchase Agreement dated as of October 1, 2006, by and between the Corporation, as lessor, and the City, as lessee (the *"First Supplemental Lease Agreement"*), as further amended and restated by the Second Supplemental Lease Purchase Agreement dated as of May 1, 2016, by and between the Corporation, as lessor, and the City, as lessee (the *"Second Supplemental Lease Agreement"* and together with the Original Lease Agreement and the First Supplemental Lease Agreement, the *"Lease Agreement"*);

e. Tax Compliance Agreement dated as of May 1, 2016, by and among the Corporation, the City, and the Trustee (the *"Tax Compliance Agreement"*);

f. Program Compliance Agreement dated as of May 1, 2016, by and among the Corporation, the City, and the Trustee (the *"Program Compliance Agreement"*);

g. Continuing Disclosure Agreement dated as of May 1, 2016, by and between the City and UMB Bank, N.A., as dissemination agent;

h. Bond Purchase Agreement with respect to the Series 2016A Bonds dated as of April 21, 2016, by and among the Corporation, the City, and Stern Brothers & Co.;

i. Bond Purchase Agreement with respect to the Series 2016B Bonds and the Series 2016B Bonds dated as of April 21], 2016, by and among the Corporation, the City, and Blaylock Beal Van, LLC;

j. Closing Certificate, Request for Authentication, and Receipt of the Corporation dated as of the date hereof;

k. Official Statement executed by the Corporation and the City dated as of April 21, 2016; and

l. Such other documents and showings and related matters of law as we have deemed necessary in order to render this opinion.

In making our examination of documents, we have assumed that the parties to such documents other than the Corporation had the power to enter into and perform all obligations thereunder and have also assumed the due authorization by all requisite action and execution and delivery of such documents by all parties other than the Corporation, and have also assumed that the documents above, other than the Resolution, are valid and binding as to the parties. In giving this opinion, we have relied upon such certificates with respect to the accuracy of factual matters contained therein which were not independently established.

As to questions of fact material to this opinion, we have relied upon representations of the Corporation contained in the Resolution, the certified proceedings, and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation. We note that various issues with respect to the Corporation in connection with the Series 2016 Bonds are addressed in the opinion of the Corporation's Counsel and various issues with respect to the City in connection with the Series 2016 Bonds are addressed in the opinion of the St. Louis City Counselor. Except as otherwise stated herein, we express no opinion with respect to those issues.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Series 2016 Bonds have been duly authorized, executed, and delivered by the Corporation and, when duly authenticated and delivered by the Trustee, will be valid and binding limited obligations of the Corporation payable in accordance with the Indenture, will be entitled to the benefits and security of the Indenture, and will evidence proportionate interests in the right to receive Rentals (as defined in the Indenture) from the City under the Lease Agreement. Neither the Lease Agreement nor the Series 2016 Bonds constitutes an indebtedness of the Corporation, the City, or the State of Missouri (the *"State"*), or any political subdivision thereof within the meaning of any constitutional or statutory provision or limitation, and neither the full faith and credit nor the taxing power, if any, of the Corporation or the City is pledged to the payment of the Rentals or any other payments under the Lease Agreement or to the payment of the Series 2016 Bonds.

2. The Third Supplemental Indenture, the Fourth Supplemental Indenture, the First Supplemental Base Lease, the Second Supplemental Lease Agreement, the Tax Compliance Agreement, and the Program Compliance Agreement have been duly authorized, executed, and delivered by the Corporation and are valid and legally binding obligations of the Corporation enforceable upon the Corporation in accordance with their respective terms and will not adversely affect the validity of the Series 2016 Bonds or the exclusion from federal gross income of interest on the Series 2016A Bonds.

3. The interest on the Series 2016A Bonds is excluded from gross income for federal and State income tax purposes. Such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that for purposes of computing the alternative minimum tax imposed on corporations, such interest is taken into account in determining adjusted current earnings. In addition to the foregoing exceptions, the opinions set forth in this paragraph are subject to the condition that each of the parties to the Tax Compliance Agreement complies with all requirements of the Internal Revenue Code of 1986, as amended (the *"Code"*), that must be satisfied subsequent to the issuance of the Series 2016A Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal and State income tax purposes. Each of the parties to the Tax Compliance Agreement has covenanted to comply with each such

requirement. Failure to comply with certain of such requirements may cause interest on the Series 2016A Bonds to be included in gross income for federal and State income tax purposes retroactive to the date of issuance of the Series 2016A Bonds. We express no opinion as to whether the interest on the Series 2016A Bonds is exempt from the tax imposed on financial institutions pursuant to Chapter 148 of the Revised Statutes of Missouri, as amended. The Series 2016A Bonds are not "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

Except as stated in paragraph 3 above, we express no opinion regarding any other federal or state tax consequences with respect to the Series 2016 Bonds.

The rights of the owners of the Series 2016 Bonds and the enforceability of the Series 2016 Bonds, the Resolution, the Indenture, the Base Lease, the Lease Agreement, the Tax Compliance Agreement, and the Program Compliance Agreement, may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

Except as set forth in our supplemental opinion of even date herewith, we have not been engaged or undertaken to review the accuracy, adequacy, or completeness of any offering material relating to the Series 2016 Bonds, and we express no opinion relating thereto. This opinion is delivered to you for your use only and it may not be used or relied upon by, or published or communicated to, any third party for any purpose whatsoever without our prior written consent in each instance.

We call to your attention the fact that our legal opinions are an expression of professional judgment and are not a guarantee of a result.

By rendering this opinion, we do not undertake to advise you further of any changes in law or fact which may occur or come to our attention after the date hereof.

Sincerely,

APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

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APPENDIX G
FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

Dated as of May 1, 2016

between

THE CITY OF ST. LOUIS, MISSOURI

and

UMB BANK, N.A.,
as Dissemination Agent

St. Louis Municipal Finance Corporation

$16,865,000
Carnahan Courthouse
Leasehold Revenue Refunding Bonds
Series 2016A
(City of St. Louis, Missouri, Lessee)

$3,635,000
Taxable Qualified Energy Conservation
Leasehold Revenue Bonds – Direct Pay
(Energy Efficiency Program),
Series 2016B

$405,000
Taxable Leasehold Revenue Bonds
(Energy Efficiency Program),
Series 2016C

CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT, dated as of May 1, 2016 (this *"Continuing Disclosure Agreement"*), is executed and delivered by The City of St. Louis, Missouri (the *"City"*) and UMB Bank, N.A., as dissemination agent (the *"Dissemination Agent"*).

RECITALS

1. This Continuing Disclosure Agreement is executed and delivered in connection with the issuance by the St. Louis Municipal Finance Corporation (the *"Corporation"*) of its Carnahan Courthouse Leasehold Revenue Refunding Bonds, Series 2016A (City of St. Louis, Missouri, Lessee) (the *"Series 2016A Bonds"*), Taxable Qualified Energy Conservation Leasehold Revenue Bonds – Direct Pay (Energy Efficiency Program), Series 2016B (the *"Series 2016B Bonds"*), and Taxable Leasehold Revenue Bonds (Energy Efficiency Program), Series 2016C (the *"Series 2016C Bonds"* and, collectively with the Series 2016A Bonds and the Series 2016B Bonds, the *"Bonds"*).

The Series 2016A Bonds are issued under the authority of the constitution and laws of the State, a resolution of the Corporation adopted by the Board of Directors on April 19, 2016 (the *"Resolution"*), and Ordinance No. 70192 of the City, adopted by the Board of Aldermen on January 26, 2016, and approved by the Mayor on February 2, 2016.

The Series 2016A Bonds are issued under and secured by an Indenture of Trust, dated as of April 1, 2002 (the *"Original Indenture"*) between the Corporation and UMB Bank, N.A., as trustee (the *"Trustee"*), as amended by the First Supplemental Indenture of Trust dated as of October 1, 2006 between the Corporation and the Trustee (the *"First Supplemental Indenture"*), the Second Supplemental Indenture of Trust dated as of July 1, 2010 between the Corporation and the Trustee (the *"Second Supplemental Indenture"*), and the Third Supplemental Indenture of Trust dated as of May 1, 2016 between the Corporation and the Trustee (the *"Third Supplemental Indenture"*).

The Series 2016B Bonds and Series 2016C Bonds are issued under the authority of the constitution and laws of the State, the Resolution, Ordinance No. 69893 of the City, adopted by the Board of Aldermen on December 12, 2014, and approved by the Mayor on December 18, 2014, as amended by Ordinance No. 70199 of the City, adopted by the Board of Aldermen on January 29, 2016, and approved by the Mayor on February 3, 2016.

The Series 2016B Bonds and Series 2016C Bonds are issued under and secured by the Original Indenture, as amended and supplemented including by the Fourth Supplemental Indenture of Trust dated as of May 1, 2016, between the Corporation and the Trustee (the *"Fourth Supplemental Indenture"*), which amends the Original Indenture along with the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture (the Original Indenture, as so amended and as may be further amended from time to time pursuant to its terms, is collectively referred to herein as the *"Indenture"*).

2. The City and the Dissemination Agent are entering into this Continuing Disclosure Agreement for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule (all as defined below). The City has determined that the City is the only "obligated person" with responsibility for continuing disclosure within the meaning of the Rule. The City acknowledges that no other party has undertaken any responsibility with respect to any reports, notices or disclosures provided or required under this Continuing Disclosure Agreement.

In consideration of the mutual covenants and agreements herein, the City and the Dissemination Agent covenant and agree as follows:

Section 1. Definitions. The following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the City pursuant to, and as described in, Sections 2 and 3 of this Continuing Disclosure Agreement.

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

"*Disclosure Representative*" shall mean the Comptroller, on behalf of the City, or her successors or designees, or such other person as the City shall designate in writing to the Dissemination Agent from time to time.

"*EMMA*" means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org, or such other location as may be designated in the future by the MSRB pursuant to the Rule.

"*Listed Events*" means any of the events listed in Section 4(A) of this Continuing Disclosure Agreement, and includes any Material Listed Events.

"*Material Listed Events*" means such of the events listed in Section 4(A) of this Continuing Disclosure Agreement which requires a determination of materiality and which the City has advised the Dissemination Agent are material under applicable federal securities law.

"*MSRB*" means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the SEC in accordance with the Rule.

"*National Repository*" means any nationally recognized municipal securities information repository for purposes of the Rule. Currently, the sole National Repository within the meaning of the Rule is the MSRB through EMMA and filings shall be submitted solely at its website, http://emma.msrb.org.

"*Official Statement*" means the Official Statement dated April 21, 2016, relating to the issuance and sale of the Bonds.

"*Participating Underwriter*" means any of the original underwriter(s) of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"*Repository*" means each National Repository and each State Repository, if any.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*SEC*" means the U.S. Securities and Exchange Commission.

"State Repository" means any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the SEC. As of the date of this Continuing Disclosure Agreement, there is no State Repository.

Unless the context clearly indicates otherwise, words used in the singular include the plural and words used in the plural include the singular.

Section 2. Provision of Annual Reports.

A. The City shall, or shall cause the Dissemination Agent to, not later than two hundred ten (210) days (if the 210^{th} day is not a Business Day, then the next succeeding Business Day) after the end of the City's Fiscal Year (presently June 30) commencing with the report for the Fiscal Year ending June 30, 2016, provide to each Repository an Annual Report which is consistent with the requirements of Section 3 of this Continuing Disclosure Agreement. In each case, the Annual Report may be submitted as a single document or as separate documents, and may cross-reference other information as provided in Section 3 of this Continuing Disclosure Agreement; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 4(A) of this Continuing Disclosure Agreement.

B. Not later than fifteen (15) Business Days prior to the date specified in Subsection A above for providing the Annual Report to the Repositories, the City shall either provide the Annual Report, in PDF format, word-searchable, to the Dissemination Agent with instructions to file the Annual Report as specified in Subsection A above or provide a written certification to the Dissemination Agent and the Trustee (if not the Dissemination Agent) that the City has provided the Annual Report to the Repositories.

C. If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repositories by the date specified in Subsection A above, the Dissemination Agent shall send to each Repository timely notice of such in substantially the form of **Exhibit A** hereto.

D. The Dissemination Agent shall:

1. determine each year prior to the date for providing the Annual Report to the Repositories the name and address of each National Repository and the State Repository, if any;

2. unless the City has certified in writing that the City has provided the Annual Report to the Repositories, promptly following receipt of the Annual Report and the instructions required by Subsection B above, provide the Annual Report to the Repositories and file a report with the City and the Trustee (if the Dissemination Agent is not the Trustee) certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided or that the City has certified that it filed the Annual Report; and

3. unless the City has provided the Annual Report as provided above, notify the City in each year not later than ninety (90) days and again not later than thirty (30) days prior to the date for providing the Annual Report to the

Repositories, of the date on which its Annual Report must be provided to the Dissemination Agent or the Repositories.

Section 3. Content of Annual Reports.

The City's Annual Report will contain or incorporate by reference the following:

(A) Audited financial statements of the City for the prior Fiscal Year, in a format similar to the financial statements contained in the Official Statement, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Governmental Accounting Standards Board ("GASB") and all statements and interpretations issued by the Financial Accounting Standards Board which are not in conflict with the statements issued by GASB, provided, however, that the City may from time to time, in order to comply with federal or State legal requirements, modify the basis upon which such financial statements are provided. Notice of any such modification shall be provided to the MSRB and shall include a reference to the applicable law or requirement describing such accounting basis. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to this Continuing Disclosure Agreement, the Annual Report will contain unaudited financial statements in a format similar to the financial statements contained in the Annual Report for the prior Fiscal Year, and the audited financial statements will be filed in the same manner as the Annual Report when they become available.

(B) Financial information and operating data of the City updated for the prior Fiscal Year in substantially the scope and form contained in Appendix A to the Official Statement under the captioned headings:

(a) "FINANCIAL MANAGEMENT AND EXPENDITURE CONTROLS – General Revenue Fund" and "– General Revenue Fund Expenditures";

(b) "GENERAL REVENUE RECEIPTS – General Revenue Fund Receipts by Category," "– Earnings Tax," "– Payroll Taxes," "– Franchise Tax," "– Sales and Use Tax," "– Gross Receipts Tax," "– Motor Vehicle Sales Tax," "– Other Taxes," "– License Fees," "– Departmental Receipts" and "– Operating Transfers";

(c) "INSURANCE"; and

(d) The chart entitled "Outstanding Tax Increment Financing and MODESA Debt" under the captioned heading "DEBT OF THE CITY."

Any or all of the items listed in 3(A) and (B) above may be included by specific reference to other documents, including official statements of issues with respect to which the City is an "obligated person," which have been filed with each of the Repositories, the MSRB or the SEC. If the document included by reference is a final official statement, it must be available from the MSRB and clearly identified as such by the City.

Section 4. Reporting of Listed Events.

A. Pursuant to the provisions of this Section, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, in a timely manner not in excess of ten (10) business days after the occurrence of such event:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. modifications to rights of Bondholders, if material;

4. Bond calls, if material, and tender offers;

5. defeasance;

6. rating changes;

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

8. unscheduled draws on debt service reserves reflecting financial difficulties;

9. unscheduled draws on credit enhancements reflecting financial difficulties;

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

11. release, substitution or sale of property securing repayment of the Bonds, if material;

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

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

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

B. The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any Listed Event, contact the City, inform the Disclosure Representative of the event, and, if such Listed Event requires a determination of materiality, request that the City promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to Subsection F below. For the purpose of this Continuing Disclosure Agreement, “actual knowledge” of the Listed Events shall mean knowledge by an officer of the Dissemination Agent with responsibility for matters related to this Continuing Disclosure Agreement.

C. Whenever the City obtains knowledge of the occurrence of a Listed Event requiring a determination of materiality, as set forth in Subsection A above, because of a notice from the Dissemination Agent pursuant to Subsection B above or otherwise, the City shall as soon as possible determine if such event is a Material Listed Event.

D. If knowledge of the occurrence of a Listed Event requiring a determination of materiality would be material under applicable federal securities laws, the City shall promptly notify the Dissemination Agent in writing that it is a Material Listed Event. Such notice shall instruct the Dissemination Agent to report the occurrence of the Material Listed Event pursuant to Subsection F below.

E. If in response to a request under Subsection B above, the City determines that the Listed Event requiring a determination of materiality is not a Material Listed Event, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to Subsection F below.

F. The Dissemination Agent shall file a notice of all Listed Events within the timeframe set forth in Subsection A above with the National Repository and each State Repository, if any, with a copy to the City.

Section 5. EMMA. The Dissemination Agent shall use EMMA for the submission of Annual Reports and Listed Events for so long as EMMA is recognized, authorized or approved by the SEC. Submission of an Annual Report or a Listed Event by the Dissemination Agent to EMMA shall be deemed to satisfy the Dissemination Agent's obligations under this Continuing Disclosure Agreement with respect to that Annual Report or Listed Event.

Section 6. Termination of Reporting Obligations. The City's and the Dissemination Agent's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all the Bonds. If the City's obligations under this Continuing Disclosure Agreement are assumed in full by another entity, such entity shall be responsible for compliance with this Continuing Disclosure Agreement in the same manner as if it were the City, and the City shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the City shall give notice of such termination or substitution in the same manner as for a Listed Event under Section 4(A) of this Continuing Disclosure Agreement. This Continuing Disclosure Agreement shall also terminate upon (i) the Rule being withdrawn, retroactively repealed, or having been found by a court of competent jurisdiction to be invalid in a non-appealable action; or (ii) receipt by the Dissemination Agent, the Trustee (if the Dissemination Agent is not the Trustee), and the City of an opinion of counsel of nationally recognized expertise in matters relating to securities laws affecting municipal securities to the effect that the Rule is no longer applicable to the Bonds.

Section 7. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the City shall not have any obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 8. Amendment; Waiver.

Notwithstanding any other provision of this Continuing Disclosure Agreement, the City and the Dissemination Agent may amend this Continuing Disclosure Agreement (and the execution of such amendment by the Dissemination Agent so requested by the City shall not be unreasonably withheld) and any provision of this Continuing Disclosure Agreement may be waived, provided that the following conditions are satisfied:

A. If the amendment or waiver relates to the provisions of Sections 3A or 4A of this Continuing Disclosure Agreement, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, rule or regulation or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

B. The undertaking, as amended or taking into account such waiver, should, in the opinion of counsel to the Participating Underwriters, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

C. The amendment or waiver, in the written Opinion of Bond Counsel for the Bonds, does not materially impair the interests of the Bondholders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the City shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 4(A) of this Continuing Disclosure Agreement, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Default.

In the event of a failure of the City or the Dissemination Agent to comply with any provision of this Continuing Disclosure Agreement, the Trustee may (and, upon receipt of satisfactory indemnity and at the request of any Participating Underwriter or the Bondholders or Beneficial Owner of at least 25% aggregate principal amount of Outstanding Bonds, shall), or any Bondholder or Beneficial Owner of at least 25% aggregate principal amount of the Bonds may, take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement shall not be deemed to be an Event of Default under the Indenture or with respect to the Bonds, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the City or the Dissemination Agent to comply with this Continuing Disclosure Agreement shall be action to compel performance.

Section 10. Duties, Immunities and Liabilities of Dissemination Agent.

The Dissemination Agent at the time acting hereunder may at any time resign by giving not less than sixty (60) days' written notice to the City specifying the date when such resignation will take effect. No such resignation shall take effect unless a successor Dissemination Agent shall have been appointed by the City. If no successor Dissemination Agent has been appointed within sixty (60) days of the notice, the Dissemination may petition a court of competent jurisdiction to have a successor Dissemination Agent appointed.

The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement, and, to the extent permitted by applicable law, the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees, and agents, harmless against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorney's fees and expenses) of defending against any claim of liability as it relates to the City, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct.

The Dissemination Agent shall not be responsible for the content of any notice or information provided by the City to the Dissemination Agent for filing or the City's failure to submit a complete Annual Report. The Dissemination Agent shall not be responsible for ensuring the compliance with any rule or regulation of the City or Participating Underwriter in connection with the filings of information herein, but is merely responsible for the filing of any such information provided to the Dissemination Agent by the City.

The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The ordinary fees, charges, and expenses of the Dissemination Agent in connection with its administration of this Continuing Disclosure Agreement shall be paid as provided in the Indenture.

Section 11. Notices. Any notices or communications between the parties to this Continuing Disclosure Agreement may be given by registered or certified mail, return receipt requested, or by confirmed facsimile, or delivered in person or by overnight courier, and will be deemed given on the second day following the date on which the notice or communication is so mailed, as follows:

To the City:	The City of St. Louis, Missouri City Hall West 1520 Market Street, Room 3005 St. Louis, Missouri 63103 Attention: Kelley Anderson, Esq., Special Assistant to the Comptroller Telephone: (314) 612-1467 Facsimile: (314) 588-0550
With a copy to:	The City of St. Louis, Missouri City Hall, Room 314 1200 Market Street St. Louis, Missouri 63103 Attention: City Counselor Telephone: (314) 622-4078 Facsimile: (314) 622-4956

To the Dissemination Agent: UMB Bank, N.A.
2 South Broadway, Suite 600
St. Louis, Missouri 63102
Attention: Corporate Trust Department
Telephone: (314) 612-8480
Facsimile: (314) 612-8499

Any person may, by written notice to the other persons listed above, designate a different address, telephone number(s) or facsimile number(s) to which subsequent notices or communications should be sent.

Section 12. Beneficiaries. This Continuing Disclosure Agreement shall inure solely to the benefit of the City, the Trustee, the Dissemination Agent, the Participating Underwriters, and the Bondholders and the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 14. Governing Law; Venue. This Continuing Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of Missouri. Any action under this Continuing Disclosure Agreement shall be filed in the 22nd Judicial Circuit of the State of Missouri (City of St. Louis) or in the United States District Court for the Eastern District of Missouri.

Section 15. Severability. If any provision in this Continuing Disclosure Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 16. Captions. The captions or headings in this Continuing Disclosure Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provision or section of this Continuing Disclosure Agreement.

Section 17. Electronic Means. The transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

[The remainder of this page intentionally left blank]

IN WITNESS WHEREOF, The City of St. Louis, Missouri, has caused this Continuing Disclosure Agreement to be signed in its name and on its behalf and its corporate seal to be hereunto affixed and attested by its duly elected officials and/or authorized officers, all as of the day and year first above written.

[SEAL]

THE CITY OF ST. LOUIS, MISSOURI

By:___________________________________
Francis G. Slay, Mayor

By:___________________________________
Darlene Green, Comptroller

[SEAL]

ATTEST

By:___________________________________
Parrie L. May, Register

APPROVED AS TO FORM:

By:___________________________________
Michael Garvin, Interim City Counselor

[Continuing Disclosure Agreement]

IN WITNESS WHEREOF, UMB Bank, N.A., as Dissemination Agent, has caused this Continuing Disclosure Agreement to be signed in its name and on its behalf by one of its duly authorized officers as of the day first above written.

UMB BANK, N.A., as Dissemination Agent

By:__________________________________
Brian P. Krippner, Senior Vice President

[Continuing Disclosure Agreement]

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	St. Louis Municipal Finance Corporation
Name of Issuer:	The City of St. Louis, Missouri (the "*City*")
Name of Obligor:	City
Date of Issuance:	May __, 2016

NOTICE IS HEREBY GIVEN that the City has not filed an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of May 1, 2016, between the City and UMB Bank, N.A., as Dissemination Agent. The City has notified the Dissemination Agent that it anticipates that the Annual Report will be filed by the following date: ____________________.

Dated: ______________ ___, ____

UMB Bank, N.A., as Dissemination Agent
on behalf of The City of St. Louis, Missouri

cc: The City of St. Louis, Missouri