

In the opinion of Co-Bond Counsel, under existing law and assuming compliance with the tax covenants described herein and the accuracy of certain representations and certifications made by the City and the Corporation described herein, interest on the Series 2010 Bonds (including any original issue discount properly allocable to any Owner thereof) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Co-Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. As a result of the American Recovery and Reinvestment Act of 2009, interest on the Series 2010A Bonds will not be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes). However, interest on the Series 2010B Bonds will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations. Co-Bond Counsel is further of the opinion that, under existing law and assuming that interest on the Series 2010 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code, interest on the Series 2010 Bonds (including any original issue discount properly allocable to any Owner thereof) is excluded from Missouri taxable income for the purposes of the personal income tax and corporate income tax imposed by the State of Missouri. See "TAX MATTERS" herein regarding certain other tax considerations.

\$33,254,003.20

ST. LOUIS MUNICIPAL FINANCE CORPORATION

\$24,736,396.30

**Compound Interest Leasehold
 Revenue Bonds, Series 2010A
 (Convention Center Capital Improvement Project)**

\$8,517,606.90

**Compound Interest Leasehold
 Revenue Refunding Bonds, Series 2010B
 (Convention Center Project)**

Dated: Date of Delivery

Due: July 15, as shown on the inside cover

The Compound Interest Leasehold Revenue Bonds, Series 2010A (Convention Center Capital Improvement Project) (the "Series 2010A Bonds") and the Compound Interest Leasehold Revenue Refunding Bonds, Series 2010B (Convention Center Project) (the "Series 2010B Bonds" and together with the Series 2010A Bonds, the "Series 2010 Bonds") are being issued by the St. Louis Municipal Finance Corporation (the "Corporation"), a nonprofit corporation organized and existing under the laws of the State of Missouri (the "State"). The Series 2010 Bonds will be issued under and secured by the Eighth Supplemental and Restated Indenture of Trust dated as of March 1, 2010 (as amended from time to time, the "Indenture"), by and among the Corporation, The Industrial Development Authority of the City of St. Louis, Missouri (the "Authority") and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The proceeds of the Series 2010 Bonds will be used (i) to fund certain capital improvements to the City of St. Louis Convention Center Property, as described herein, (ii) to refund the Leasehold Revenue Refunding Bonds, Series 1993A issued under the Indenture (the "Refunded Bonds"), (iii) to fund debt service reserve funds for the Series 2010 Bonds, and (iv) to pay Costs of Issuance in connection with the issuance and sale of the Series 2010 Bonds.

The Series 2010 Bonds shall be special obligations of the Corporation payable solely out of the Rentals and certain Additional Rentals received pursuant to the Seventh Supplemental and Restated Lease Purchase Agreement dated as of March 1, 2010, among the Corporation, the Authority and The City of St. Louis, Missouri (the "City") (all as herein described), and are secured by a pledge and assignment of the Trust Estate (as herein described) to the Trustee pursuant to the Indenture. No incorporator, member, agent, employee, director or officer of the Corporation, the Authority or of the City shall at any time or under any circumstances be individually or personally liable under the Indenture or the Lease Purchase Agreement for anything done or omitted to be done by the Corporation thereunder. The Series 2010 Bonds shall not be a debt of the City or the State and neither the City nor the State shall be liable thereon. The Series 2010 Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The Series 2010 Bonds are further secured by a Deed of Trust (as herein described), the lien of which shall encumber the Corporation's interest in the Convention Center Property. The obligation of the City to make payments of Rentals and Additional Rentals is subject to annual appropriation by the City. The Corporation has no taxing power. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS" herein.

The Series 2010 Bonds are issuable only as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., or such other name (either, the "Nominee") as may be requested by an authorized representative of The Depository Trust Company ("DTC"), New York, New York, as Registered Owner and nominee for DTC. Purchases of the Series 2010 Bonds will be made in book-entry form only. Each Maturity of the Series 2010 Bonds shall be issued in the denomination of \$5,000 Accreted Value at Maturity and integral multiples of \$5,000 in excess thereof ("Authorized Denominations"). Purchasers will not receive certificates representing their interests in the Series 2010 Bonds purchased. So long as the Nominee is the Registered Owner of the Series 2010 Bonds, references herein to the Bondholders or Registered Owners shall mean the Nominee, and shall not mean the Beneficial Owners (as herein defined) of the Series 2010 Bonds. Principal of the Series 2010 Bonds will be payable as set forth on the following page. Periodic interest on the Series 2010 Bonds will not be paid. The Series 2010 Bonds will accrete in value from the date on which they are first issued through their Maturity dates at the rates set forth on the following page. Payments of principal or Accreted Value of, premium, if any, and interest on the Series 2010 Bonds will be made by the Trustee to the Nominee, for disbursement to the DTC Participants (as herein defined) for subsequent disbursement to the Beneficial Owners of the Series 2010 Bonds. The Series 2010 Bonds are not subject to optional or mandatory redemption. The Series 2010 Bonds are subject to extraordinary optional redemption prior to Maturity as more fully described herein.

The payments of Accreted Value when due on the Series 2010 Bonds will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2010 Bonds by Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) ("AGM" or the "Credit Facility Provider"). See "Bond Insurance" herein.



This cover page contains information for reference only. It is not a complete summary of the Series 2010 Bonds. Investors must read the entire Official Statement, including the cover page and Appendices hereto, to obtain information essential to making an informed investment decision. Capitalized terms used but not defined on this cover page have the meanings provided herein.

See the following page for maturities, principal amounts, Accreted Values, yields, and CUSIP numbers.

The Series 2010 Bonds are offered when, as and if issued by the Corporation and accepted by the Underwriters, subject to prior placement, withdrawal or modification of the offer without notice, and subject to the approval of the validity of the Series 2010 Bonds by Armstrong Teasdale LLP and Saulsberry & Associates, LLC, Co-Bond Counsel, and certain other conditions referred to herein. Certain legal matters will be passed upon for the Corporation and the City by the Office of the City Counselor. Certain legal matters will be passed upon for the Underwriters by their co-counsel, The Stolar Partnership LLP and Worsham N. Caldwell, Jr. & Associates, LLC. It is expected that the Series 2010 Bonds will be available for delivery to DTC, in New York, New York on or about March 16, 2010.



**Siebert Brandford Shank &
 Co., LLC**

Robert W. Baird & Co.

BofA Merrill Lynch

Loop Capital Markets, LLC

Morgan Keegan & Company, Inc.

The date of this Official Statement is March 10, 2010.



THE CONVENTION CENTER

Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) (“AGM”) makes no representation regarding the Series 2010 Bonds or the advisability of investing in the Series 2010 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “BOND INSURANCE” and “APPENDIX H - Specimen Municipal Bond Insurance Policy”.

**MATURITIES, PRINCIPAL AMOUNTS, ACCRETED VALUES,
YIELDS AND CUSIP NUMBERS**

\$33,254,003.20

ST. LOUIS MUNICIPAL FINANCE CORPORATION

\$24,736,396.30

**Compound Interest Leasehold Revenue Bonds
(Convention Center Capital Improvement Project)**

SERIES 2010A BONDS

<u>Maturity</u>	<u>Initial Principal Amount*</u>	<u>Accreted Value at Maturity*</u>	<u>Initial Principal Amount per \$5,000 Maturity Amount*</u>	<u>Initial Offering Yield at Maturity</u>	<u>CUSIP¹</u>
7/15/2031	\$4,456,545.00	\$16,460,000.00	\$1,353.75	6.220%	79165TPH8
7/15/2032	\$4,128,661.80	\$16,460,000.00	\$1,254.15	6.290%	79165TPJ4
7/15/2033	\$3,837,155.20	\$16,460,000.00	\$1,165.60	6.340%	79165TPK1
7/15/2034	\$3,570,997.00	\$16,460,000.00	\$1,084.75	6.380%	79165TPL9
7/15/2035	\$3,320,969.60	\$16,460,000.00	\$1,008.80	6.420%	79165TPM7
7/15/2036	\$3,109,623.20	\$16,460,000.00	\$ 944.60	6.430%	79165TPN5
7/15/2037	\$2,312,444.50	\$13,075,000.00	\$ 884.30	6.440%	79165TPP0

\$8,517,606.90

**Compound Interest Leasehold Revenue Refunding Bonds
(Convention Center Project)**

SERIES 2010B BONDS

<u>Maturity</u>	<u>Initial Principal Amount*</u>	<u>Accreted Value at Maturity*</u>	<u>Initial Principal Amount per \$5,000 Maturity Amount*</u>	<u>Initial Offering Yield at Maturity</u>	<u>CUSIP¹</u>
7/15/2014	\$8,517,606.90	\$9,690,000.00	\$4,395.05	3.000%	79165TPQ8

*Subject to rounding to the nearest dollar

¹ Copyright, American Bankers Association. CUSIP data herein are provided by Standard & Poor’s, CUSIP Service Bureau, a division 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 Bonds, and the Corporation and the City do not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future.

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This Official Statement is provided in connection with the initial offering and sale of the Series 2010 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 2010 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 2010 Bonds have not been registered with the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "Securities Act") in reliance upon the exemption contained in Section 3(a)(2) of such act. The Indenture has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon an exemption contained in such act. The registration or qualification of the Series 2010 Bonds in accordance with applicable provisions of securities laws of any states in which the Series 2010 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 2010 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 2010 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 (the "Exchange Act"), 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."

**THE CITY OF ST. LOUIS
ELECTED OFFICIALS**

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

BOARD OF ALDERMEN

Charles Quincy Troupe – Ward 1
Dionne Flowers – Ward 2
Freeman M. Bosley, Sr. – Ward 3
Samuel L. Moore – Ward 4
April Ford-Griffin – Ward 5
Kacie Starr Triplett – Ward 6
Phyllis Young – Ward 7
Stephen J. Conway – Ward 8
Kenneth Ortmann – Ward 9
Joseph Vollmer – Ward 10

Matt Villa – Ward 11
Fred Heitert – Ward 12
Alfred J. Wessels, Jr. – Ward 13
Stephen Gregali – Ward 14
Jennifer Florida – Ward 15
Donna Baringer – Ward 16
Joseph D. Roddy – Ward 17
Terry Kennedy – Ward 18
Marlene E. Davis – Ward 19

Craig Schmid – Ward 20
Antonio D. French – Ward 21
Jeffrey Boyd – Ward 22
Joseph A. Vaccaro – Ward 23
William Waterhouse – Ward 24
Shane Cohn – Ward 25
Frank Williamson – Ward 26
Gregory J. Carter – Ward 27
Lyda Krewson – Ward 28

ST. LOUIS MUNICIPAL FINANCE CORPORATION

BOARD OF DIRECTORS

Ivy Neyland-Pinkston	President
Ronald H. Smith	Vice President
Tom Shepard	Vice President
Stephen J. Kovac	Secretary
Paul Payne	Treasurer

OTHER CITY OFFICIALS

Ivy Neyland-Pinkston, Deputy Comptroller for Finance and Development
Elaine Harris Spearman, Legal Advisor to the Comptroller
Candice Gordon, Accounting Executive
Patricia A. Hageman, City Counselor
Stephen J. Kovac, Deputy Counselor

BOARD OF ESTIMATE AND APPORTIONMENT

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

FINANCIAL ADVISOR

Public Financial Management, Inc.
Philadelphia, Pennsylvania

INVESTMENT ADVISOR

Columbia Capital Management LLC
Overland Park, Kansas

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OFFICIAL STATEMENT

Relating to
\$33,254,003.20

St. Louis Municipal Finance Corporation

\$24,736,396.30

**Compound Interest Leasehold
Revenue Bonds, Series 2010A
(Convention Center Capital Improvement
Project)**

\$8,517,606.90

**Compound Interest Leasehold
Revenue Refunding Bonds, Series 2010B
(Convention Center Project)**

INTRODUCTION

The information in this section is furnished solely to provide limited introductory information regarding the terms of St. Louis Municipal Finance Corporation's Compound Interest Leasehold Revenue Bonds, Series 2010A (Convention Center Capital Improvement Project) (the "**Series 2010A Bonds**"), and Compound Interest Leasehold Revenue Refunding Bonds, Series 2010B (Convention Center Project) (the "**Series 2010B Bonds**" and, together with the Series 2010A Bonds, the "**Series 2010 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 and the Appendices hereto. The order and placement of materials in this Official Statement, including the information on the cover page and the Appendices, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the cover page and Appendices, must be considered in its entirety. Capitalized terms used and not defined herein are defined under the section "**DEFINITIONS OF WORDS AND TERMS**" set forth in **APPENDIX C** to this Official Statement.

The Issuer

The issuer of the Series 2010 Bonds is the St. Louis Municipal Finance Corporation, a nonprofit corporation duly organized and existing under Chapter 355 R.S.Mo. (2000, as amended), the Missouri Nonprofit Corporation Act (the "**Corporation**"). The Corporation, a nonprofit corporation duly organized in 1991 and existing under the laws of the State of Missouri (the "**State**"), was created to lessen the burden of the government of The City of St. Louis, Missouri (the "**City**") 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 2010 Bonds is personally liable on the Series 2010 Bonds by reason of the issuance thereof. The Series 2010 Bonds are being issued by the Corporation and will not constitute a debt, liability or obligation of the City or the State. The Corporation has by proper corporate actions of its Board of Directors been duly authorized to execute and deliver the Indenture, the Lease Purchase Agreement, the Deed of Trust all as further described herein, and all related documents. See "**ST. LOUIS MUNICIPAL FINANCE CORPORATION**" herein.

Authorization for the Series 2010 Bonds

The Series 2010 Bonds are issued under the authority of the constitution and laws of the State, including Section 100.155 R.S.Mo. (2000, as amended) and Ordinance No. 68528 of the City, adopted by the Board of Aldermen on December 15, 2009, and approved by the Mayor on December 15, 2009 (the "**Ordinance**") and are issued under and secured by the Eighth Supplemental and Restated Indenture of

Trust, dated as of March 1, 2010 (as amended from time to time, the “**Indenture**”), by and among the Corporation, The Industrial Development Authority of the City of St. Louis, Missouri (the “**Authority**”) and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”). The Series 2010 Bonds, and any bond or bonds, including “**Additional Bonds**” (as defined in the Indenture), that may be authenticated and delivered under the Indenture are referred to herein from time to time as “**Bond**” or “**Bonds**.”

The Convention Center

The Cervantes Convention Center (as further described in the Indenture, the “**Convention Center Property**”) is located in downtown St. Louis at Washington Avenue, between 7th and 8th Streets, and is the largest convention facility in the St. Louis metropolitan region and the only convention facility in the region capable of competing for national and regional conventions and trade shows. The operation of the Convention Center Property as part of The America’s Center Convention Complex (the “**Convention Center**”) is managed by the St. Louis Convention and Visitor’s Commission (the “**CVC**”). The CVC actively promotes St. Louis and the Convention Center. As of December 31, 2009, the CVC has committed bookings for over 469 events at the Convention Center through 2019. See “**THE CONVENTION CENTER**” herein.

Purposes of the Series 2010A Bonds

The proceeds of the Series 2010A Bonds will be used: (i) to fund the Convention Center Capital Improvement Project, as described herein; (see “**PLAN OF FINANCE**” herein), (ii) to fund a debt service reserve fund for the Series 2010A Bonds; and (iii) to pay the Costs of Issuance in connection with the issuance and sale of the Series 2010A Bonds.

Purposes of the Series 2010B Bonds

The proceeds of the Series 2010B Bonds will be used: (i) to refund the Series 1993A Bonds, as described herein (see “**PLAN OF FINANCE**” herein), (ii) to fund a debt service reserve fund for the Series 2010B Bonds; and (iii) to pay the Costs of Issuance in connection with the issuance and sale of the Series 2010B Bonds.

Security and Sources of Payment for the Series 2010 Bonds

The Series 2010 Bonds are special obligations of the Corporation payable solely out of the Rentals and certain Additional Rentals received pursuant to the herein defined Lease Purchase Agreement, and are secured by a pledge and assignment of the Trust Estate pursuant to the Indenture. It is anticipated that the funds required to pay Rentals and Additional Rentals payable by the City under the Lease Purchase Agreement will be derived principally from the Hotel Tax and Restaurant Gross Receipts Tax described herein, although the receipts from such taxes are not pledged as security for the Series 2010 Bonds. However, the City is obligated, subject to annual appropriation, to make payments of Rentals and Additional Rentals from the City’s General Fund. The Series 2010 Bonds are further secured by a Deed of Trust, the lien of which encumbers the Corporation’s interest in the Convention Center Property (as herein described). For additional information on the security and sources of payment for the Series 2010 Bonds, see also “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS**” and “**SUMMARY OF TAX SOURCES**” herein.

Payment of Accreted Value excluding redemption premium, if any, will be insured by the Municipal Bond Insurance Policy (as defined herein) to be issued by the herein described Credit Facility Provider. The herein described Bond Insurance Policy will be issued concurrently with the issuance of the Series 2010 Bonds, will be noncancellable and will extend for the term of the Bonds. See the section

herein captioned “**BOND INSURANCE**” and “**APPENDIX H – SPECIMEN MUNICIPAL BOND INSURANCE POLICY**” hereto.

Definitions and Summaries of Certain Legal Documents

Capitalized terms used and not defined herein are defined in the “Definition of Words and Terms” included in **APPENDIX C** to this Official Statement. Summaries of the Indenture, the Lease Purchase Agreement, the Trust Estate and the Deed of Trust 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 Lease Purchase Agreement, the Deed of Trust, the Tax Compliance Agreement and the Continuing Disclosure Agreement 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 2010 Bonds at the offices of the City’s Comptroller, Room 212, City Hall, 1200 Market Street, St. Louis, Missouri 63103, and following delivery of the Series 2010 Bonds at the office of the Trustee, 911 Washington Avenue, Suite 300, St. Louis, Missouri 63101, (314) 613-8252, 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.

ST. LOUIS MUNICIPAL FINANCE 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 as follows:

<u>Name</u>	<u>Office</u>
Ivy Neyland-Pinkston	President
Ronald H. Smith	Vice President
Tom Shepard	Vice President
Stephen J. Kovac	Secretary
Paul Payne	Treasurer

The principal mailing address of the Corporation is City Hall, Room 212, 1200 Market Street, St. Louis, Missouri.

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**,” “**THE CONVENTION CENTER**,” and **APPENDICES A** and **B** furnished by the City.

Outstanding Indebtedness

The Corporation previously has sold and delivered numerous series of bonds and notes secured by instruments separate and apart from the Indenture and the Lease Purchase Agreement. The owners of such bonds and notes, have no claims on the assets, funds or revenues of the Corporation securing the Bonds, and the Owners of the Series 2010 Bonds will have no claim on assets, funds or revenues of the Corporation securing such other bonds and notes, other than the 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. Issues that may be sold by the Corporation in the future may be created under the Indenture or under separate and distinct indentures or resolutions and may be secured by instruments, properties and revenues separate from those securing the Bonds, including the Series 2010 Bonds.

THE CITY

Certain information relating to the City is set forth in “**APPENDIX A – INFORMATION REGARDING THE CITY OF ST. LOUIS.**” The City’s basic audited financial statements for the Fiscal Year (as defined herein) ended June 30, 2009, 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, 2009.**” A complete copy of the City’s 2009 Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2009 is available for inspection at the City’s Comptroller’s Office, 1200 Market Street, City Hall, Room 212, St. Louis, Missouri 63103 or online at www.stlouis.missouri.org. Payments made by the City under the Lease Purchase Agreement will be made from funds to the extent appropriated by the City from its General Fund (as defined in **APPENDIX A** hereto) on an annual basis.

The “**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 net proceeds of the Series 2010A Bonds shall be used to finance the costs of certain capital improvements to the Convention Center Property located in downtown St. Louis, Missouri (the “**Convention Center Capital Improvement Project**”). The net proceeds of the Series 2010B Bonds shall be used to refund the Series 1993A Bonds (the “**Refunding**”).

The Convention Center Capital Improvement Project

The Convention Center Capital Improvement Project includes exterior and interior improvements and renovations, replacement and upgrading of building equipment and furnishings for various activities that take place in the Convention Center Property. The Convention Center Capital Improvement Project is designed to increase the functionality and operational efficiency of the Convention Center Property as well as to make it a more attractive and useful facility for prospective users.

Exterior Improvements. Exterior improvements include cleaning and sealing granite, limestone and brickwork on the facades, and weatherproofing all doors. Exterior signage will be improved and dock seals and trash compactors will be replaced.

Building Equipment. The Convention Center Property’s emergency generators will be replaced and the electrical metering system will be expanded. Supplemental air conditioning units will be installed, along with new HVAC monitoring, controls and filters. Other improvements include installation of a new or upgraded phone system, fiber optic cabling and data system for customer use.

Interior Improvements. Interior improvements include the replacement of the original atrium skylights and windows, and repainting walls and ceilings. Obsolete components of the sound system will be replaced, as will the CCTV system, water fountains and sprinkler heads. Certain acoustical ceiling panels will be installed and others replaced. Miscellaneous improvements will be made to the concrete slab flooring, dimmable lighting, operable walls, stairways and other areas.

Furniture, Furnishings and Other Convention Facilities. Concession stands and equipment will be renovated. Portable concession equipment, bleachers and the dance floor will be replaced. Other improvements include purchase of a new JLG lift, bike racks, trash cans, stages, steps and rails, and other items.

The Refunding

The net proceeds of the Series 2010B Bonds will be used to pay the costs of refunding the Outstanding Refunding Bonds on March 18, 2010.

Estimated Sources and Uses of Funds

<u>Sources of Funds:</u>	<u>Series 2010A</u>	<u>Series 2010B</u>	<u>Total</u>
Proceeds of Bonds	\$24,736,396.30	\$8,517,606.90	\$33,254,003.20
TOTAL SOURCES	<u>\$24,736,396.30</u>	<u>\$8,517,606.90</u>	<u>\$33,254,003.20</u>
 <u>Uses of Funds:</u>			
Deposit to Series 2010A Project Account	\$20,673,112.35	\$ -0-	\$20,673,112.35
Deposit to Series 1993A Redemption Subaccount	-0-	7,395,040.73	7,395,040.73
Deposit to Series Reserve Account	2,473,639.63	851,760.69	3,325,400.32
Deposit to Series Costs of Issuance Account* including Underwriter’s Discount and Bond Insurance Premium	<u>1,589,644.32</u>	<u>270,805.48</u>	<u>1,860,449.80</u>
TOTAL USES	<u>\$24,736,396.30</u>	<u>\$8,517,606.90</u>	<u>\$33,254,003.20</u>

*Costs of issuance include fees of the Trustee, the Financial and Investment Advisors, legal representation, and printing.

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Convention Center Combined Debt Service Requirements

Fiscal Year Ending June 30	Parity Bonds										Subordinate Bonds			Aggregate
	Series 2003 Bonds	Series 2005A Bonds	Series 2008 Bonds	Series 2009A Bonds	Series 2010A Bonds	Series 2010B Bonds	All Parity Bonds*	Series 2000 Bonds	Series 2005B Bonds	Series 2009B Bonds	All Subordinate Bonds*	Aggregate Debt Service**		
2010	\$16,008,773		\$1,167,200				\$ 17,175,973			\$ 670,115	\$ 670,115	\$ 17,846,088		
2011	16,463,120		1,167,200				17,630,320			1,249,956	1,249,956	18,880,276		
2012	11,758,303		1,167,200				12,925,703	\$ 3,525,000		1,249,956	4,774,956	17,700,659		
2013	12,592,880		1,167,200				13,760,080	2,700,000		1,249,956	3,949,956	17,710,036		
2014	13,007,331		1,167,200				14,174,531	2,285,000		1,249,956	3,534,956	17,709,487		
2015	7,701,650		1,167,200		\$9,690,000		18,558,850			1,249,956	1,249,956	19,808,806		
2016			1,167,200				1,167,200	15,295,000		1,249,956	16,544,956	17,712,156		
2017			1,167,200				1,167,200	15,295,000		1,249,956	16,544,956	17,712,156		
2018			1,167,200				1,167,200	15,295,000		1,249,956	16,544,956	17,712,156		
2019			1,167,200				1,167,200	15,295,000		1,249,956	16,544,956	17,712,156		
2020			1,167,200				1,167,200	15,295,000		1,249,956	16,544,956	17,712,156		
2021			1,167,200				1,167,200	15,295,000		1,249,956	16,544,956	17,712,156		
2022		\$3,395,000	4,896,575	\$4,290,000			12,581,575		\$3,880,000	1,249,956	5,129,956	17,711,531		
2023		5,625,000	2,535,150	1,795,000			9,955,150		6,505,000	1,249,956	7,754,956	17,710,106		
2024		5,625,000	2,549,725	1,785,000			9,959,725		6,500,000	1,249,956	7,749,956	17,709,681		
2025		5,630,000	2,533,063	1,795,000			9,958,063		6,505,000	1,249,956	7,754,956	17,713,019		
2026		5,630,000	2,535,634	1,785,000			9,950,634		6,510,000	1,249,956	7,759,956	17,710,590		
2027		5,630,000	2,531,919	1,795,000			9,956,919		6,505,000	1,249,956	7,754,956	17,711,875		
2028		5,630,000	2,521,531	1,800,000			9,951,531		6,510,000	1,249,956	7,759,956	17,711,487		
2029		5,625,000	2,553,281	1,775,000			9,953,281		6,505,000	1,249,956	7,754,956	17,708,237		
2030		5,630,000	2,528,156	1,800,000			9,958,156		6,505,000	1,249,956	7,754,956	17,713,112		
2031		5,630,000	2,544,609	1,780,000			9,954,609		6,505,000	1,249,956	7,754,956	17,709,565		
2032					\$ 16,460,000		16,460,000			1,249,956	1,249,956	17,709,956		
2033					16,460,000		16,460,000			1,249,956	1,249,956	17,709,956		
2034					16,460,000		16,460,000			1,249,956	1,249,956	17,709,956		
2035					16,460,000		16,460,000			1,249,956	1,249,956	17,709,956		
2036					16,460,000		16,460,000			1,249,956	1,249,956	17,709,956		
2037					16,460,000		16,460,000			1,249,956	1,249,956	17,709,956		
2038					13,075,000		13,075,000			7,108,169	7,108,169	20,183,169		
2039										17,698,191	17,698,191	17,698,191		
Totals	\$77,552,257	\$54,050,000	\$41,736,043	\$20,400,000	\$111,835,000	\$9,690,000	\$315,243,300	\$100,280,000	\$62,430,000	\$59,225,285	\$221,935,285	\$537,178,587		

*Rounded to nearest dollar
 **Excluding Refunded Bonds

Total Indebtedness Outstanding Under the Indenture

The following table shows the total indebtedness outstanding under the Indenture as of March 10, 2010:

PARITY BONDS:

<u>Current Interest Bonds</u>	<u>Original Principal Amount</u>	<u>Principal Amount Outstanding</u>	<u>Final Maturity Date</u>
Leasehold Revenue Refunding Bonds, Series 2003	\$118,575,000	\$ 42,570,000	July 15, 2014
Leasehold Revenue Bonds, Series 2008	\$ 21,850,000	\$ 21,850,000	July 15, 2030

<u>Compound Interest Bonds</u>	<u>Original Principal Amount</u>	<u>Amount Due at Maturity</u>	<u>Final Maturity Date</u>
Compound Interest Leasehold Revenue Refunding Bonds, Series 1993A	\$ 2,567,205	\$ 9,615,000	July 15, 2014
Compound Interest Leasehold Revenue Bonds, Series 2005A	\$20,882,005	\$ 54,050,000	July 15, 2030
Compound Interest Leasehold Revenue Bonds, Series 2009A	\$7,761,923	\$ 20,400,000	July 15, 2030

JUNIOR LIEN AND SUBORDINATE BONDS:

<u>Current Interest Bonds</u>	<u>Original Principal Amount</u>	<u>Amount Due at Maturity</u>	<u>Final Maturity Date</u>
Leasehold Revenue Bonds, Series 2009B	\$23,255,000	\$ 23,255,000	July 15, 2038

<u>Compound Interest Bonds</u>	<u>Original Principal Amount</u>	<u>Amount Due at Maturity</u>	<u>Final Maturity Date</u>
Compound Interest Leasehold Revenue Bonds, Series 2000	\$39,999,579	\$100,280,000	July 15, 2020
Compound Interest Leasehold Revenue Bonds, Series 2005B	\$24,115,886	\$ 62,430,000	July 15, 2030

THE SERIES 2010 BONDS

General

The Series 2010 Bonds are being issued pursuant to the Indenture. The Series 2010 Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co. or other such name (either, the “**Nominee**”), as may be requested by an authorized representative of The Depository Trust Company (“**DTC**”), New York, New York, as Registered Owner and nominee for DTC. No Beneficial Owners will receive certificates representing their respective interest in the Series 2010 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.

Each Maturity of Series 2010 Bonds shall be issued in Authorized Denominations. Periodic interest on the Series 2010 Bonds will not be paid. The Series 2010 Bonds will accrete in value from the date on which they are first issued through their Maturity dates at the rates set forth on the second page hereof.

It is anticipated that CUSIP identification numbers will be printed on the Series 2010 Bonds, but neither the failure to print such numbers on any Series 2010 Bonds, nor any error in the printing of such numbers, shall constitute cause for a failure or refusal by the purchaser of the Series 2010 Bonds to accept delivery of and pay for any Series 2010 Bonds.

Security for the Series 2010 Bonds

There are presently Outstanding under the Indenture (amounts shown for compound interest bonds are as originally issued):

- \$2,567,205 Compound Interest Leasehold Revenue Refunding Bonds, Series 1993A (the “**Series 1993A Bonds**”) (the Refunded Bonds herein)
- \$39,999,579 Compound Interest Leasehold Revenue Bonds, Series 2000 (St. Louis Convention Center Headquarters Hotel Project) issued by the Authority (the “**Series 2000 Bonds**”).
- \$68,045,000 Leasehold Revenue Refunding Bonds, Series 2003 (Convention Center Project) (“**Series 2003 Bonds**”)
- \$20,882,005 Compound Interest Leasehold Revenue Bonds, Series 2005A (Convention Center Refunding and Improvement Projects) (the “**Series 2005A Bonds**”)
- \$24,115,886 Compound Interest Taxable Junior Lien Leasehold Revenue Bonds, Series 2005B (Refunding and Capital Improvement Projects) (the “**Series 2005B Bonds**”)
- \$21,850,000 Leasehold Revenue Bonds, Series 2008 (Convention Center Capital Improvement Projects) (the “**Series 2008 Bonds**”)
- \$7,761,922 Compound Interest Leasehold Revenue Bonds (Convention Center Capital Improvement Projects) (the “**Series 2009A Bonds**”)
- \$23,255,000 Current Interest Junior Lien Leasehold Revenue Bonds (Infrastructure and Convention Center Capital Improvement Projects) (the “**Series 2009B Bonds**”).

The Series 1993A Bonds, Series 2003 Bonds, Series 2005A Bonds, Series 2008 Bonds, Series 2009A Bonds and any Additional Bonds issued under the Indenture which are on a parity with these bonds are called “**Parity Bonds.**” All bonds which have been issued under the Indenture are secured by and entitled to the protection of the Indenture on a parity with the Parity Bonds except (i) the Series 2000 Bonds, which are junior lien bonds subordinate to the Parity Bonds, (ii) the Series 2005B Bonds, which are junior lien bonds subordinate to the Parity Bonds and also to the Series 2000 Bonds, and (iii) the Series 2009B Bonds, which are junior lien bonds subordinate to the Parity Bonds, the Series 2000 Bonds, and the Series 2005B Bonds.

As security for the payment of the principal of or Accreted Value, and redemption premium, if any, on the Series 2010 Bonds, the Corporation is pledging to the Trustee under the Indenture, for the equal and proportionate benefit and security of all present and future Owners of the Series 2010 Bonds on a parity with all present and future Owners of the other Parity Bonds, and for the benefit and security of all present and future Owners of the Series 2000, Series 2005B Bonds, and Series 2009B Bonds as provided in the Lease Purchase Agreement, all of its right, title and interest in and to the Lease Purchase

Agreement (except for the Corporation's rights to certain 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 Purchase Agreement (except for the rights of the Corporation to receive moneys for its own accounts under the Lease Purchase Agreement), and all moneys and securities from time to time held by the Trustee under the terms of the Indenture, including, with respect to the Series 2010A Bonds, moneys on deposit in the Series 2010A Reserve Account within the Bond Reserve Fund (the "**Series 2010A Reserve Account**") and, with respect to the Series 2010B Bonds, moneys on deposit in the Series 2010B Reserve Account within the Bond Reserve Fund (the "**Series 2010B Reserve Account**") (but excluding any moneys required to be held by the Trustee in the Rebate Fund). The Series 2010 Bonds and the other Parity Bonds are also secured by a deed of trust and security interest in the Convention Center Property pursuant to the Deed of Trust. The Series 2000 Bonds, Series 2005B Bonds and Series 2009B Bonds are also secured and entitled to the protection given by the Indenture and the Deed of Trust, but are subordinate to the priority lien on the Trust Estate (as defined in the Indenture) of the Parity Bonds and, in the case of the Series 2005B Bonds, also subordinate to the Series 2000 Bonds and, in the case of the Series 2009B Bonds, also subordinate to the Series 2000 Bonds and the Series 2005B Bonds. See the information contained under the caption "**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS.**"

THE SERIES 2010 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 2010 BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NO INCORPORATOR, MEMBER, AGENT, EMPLOYEE, DIRECTOR OR OFFICER OF THE CORPORATION OR THE CITY SHALL AT ANY TIME OR UNDER ANY CIRCUMSTANCES BE INDIVIDUALLY OR PERSONALLY LIABLE UNDER THE INDENTURE OR THE LEASE PURCHASE AGREEMENT FOR ANYTHING DONE OR OMITTED TO BE DONE BY THE CORPORATION THEREUNDER.

THE CITY'S PAYMENT OF RENTALS AND ADDITIONAL RENTALS PURSUANT TO THE LEASE PURCHASE 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 PURCHASE 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 CONVENTION CENTER PROPERTY, WHICH IS A PART OF THE SECURITY FOR THE 2010 BONDS.

Cross Default

A default with respect to any of the Parity Bonds may result in a default with respect to all other Bonds issued under the Indenture. A default with respect to the Series 2000 Bonds, Series 2005B Bonds, or Series 2009B Bonds, which are subordinate to the Parity Bonds, may also result in a default with respect to the Parity Bonds and all other Bonds issued under the Indenture.

Subject to the rights of the Credit Facility Provider as provided in the Indenture, if an Event of Default has occurred and is continuing, the Trustee may, and upon the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding is required to declare the principal of all Bonds and the interest accrued thereon (or Accreted Value) immediately due and payable. In such event, the Trustee shall immediately draw on any applicable Credit Facility in an amount equal to the principal of and accrued interest (or Accreted Value) on the date established by the Trustee for acceleration. See "**BONDHOLDERS' RISKS – Cross Default**" herein.

Optional Redemption

The Series 2010 Bonds are not subject to optional or mandatory redemption.

Extraordinary Optional Redemption

The Series 2010 Bonds are subject to extraordinary optional redemption and payment prior to their respective Stated Maturities by the Corporation, upon instructions from the City with the consent of the Credit Facility Provider so long as there shall be in effect a Credit Facility, on any date (except as provided in the following paragraph), upon the occurrence of any of the following conditions or events, provided all of the Series 2010 Bonds so redeemed are redeemed and paid according to their terms:

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

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

(3) if substantially all of the Convention Center Property is damaged or destroyed by fire or other casualty, or

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

The Series 2010 Bonds redeemed in connection with the occurrence of any of the conditions or events described above will be redeemed in whole at any time and in part on any Series 2010 Accretion Date at a redemption price of 100% of the Accreted Value of such Series 2010 Bond as of the Redemption Date, without premium, plus accrued interest from the next preceding applicable Accretion Date as provided in the Indenture. The Series 2010 Bonds redeemed in connection with the occurrence of any of the conditions or events described above will be redeemed at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the Redemption Date without premium.

Selection of Series 2010 Bonds to be Redeemed

In the event less than all of the Series 2010 Bonds of a particular Maturity are to be redeemed, such Series 2010 Bonds shall be redeemed in such order of Maturity as directed by the Corporation (upon the direction of the City), the Trustee shall select the Series 2010 Bonds to be redeemed by lot or 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 2010 Bonds of such denomination as provided in the Indenture. Series 2010 Bonds shall be redeemed only in Authorized Denominations on the date of such redemption. Each \$5,000 of Accreted Value of the Series 2010 Bonds will hereinafter be referred to as a "**\$5,000 Unit.**" The Series 2010 Bonds of less than a full Maturity are to be selected by the Bond Trustee in \$5,000 Units in such equitable manner as the Bond Trustee may determine.

Notice and Effect of Call for Redemption

If and when any of the Series 2010 Bonds are called for redemption and payment prior to their respective Stated Maturities, 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 2010 Bonds to be redeemed, at the address appearing on the Bond Register. All notices of redemption shall include information regarding (a) the Redemption Date; (b) the redemption price; (c) if less than all of the Outstanding Series 2010 Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2010 Bonds to be redeemed; (d) that on the Redemption Date the redemption prices will become due and payable upon such Series 2010 Bonds, and that interest thereon shall cease to accrue from and after said date; and (e) the place where such Series 2010 Bonds are to be surrendered for payment of the redemption price, which shall be the principal corporate trust office of the Trustee as Paying Agent. The failure of the Holder of any Series 2010 Bond to be so redeemed to receive written notice mailed as provided in the Indenture shall not affect or invalidate the redemption of such Series 2010 Bonds. The Bond Registrar is also directed to comply with any mandatory or voluntary 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 2010 Bond to be redeemed.

Prior to any date fixed for redemption, 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 on the Redemption Date the Accreted Value of the Series 2010 Bonds, and interest and redemption premium thereon, if any. However, the requirements for such deposit need not be met to the extent such redemption is to be made with the proceeds of Additional Bonds to be issued to refund all or a portion of the Series 2010 Bonds to be redeemed. Upon the happening of the above described conditions, including the deposit of such funds or United States Government Obligations and the giving of notice as described in the previous paragraph, such Series 2010 Bonds or the portions thereof thus called for redemption shall cease to bear interest on their Redemption Date, 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

Pursuant to the Indenture, the Trustee has been appointed Bond Registrar for the purpose of registering and transferring Series 2010 Bonds and as such shall keep the Bond Register as provided in the Indenture. All of the Series 2010 Bonds and all transfers and all exchanges thereof shall be fully registered as to principal and interest in the Bond Register. Subject to any restrictions relating to global bond certificates in the event Series 2010 Bonds are issued in book-entry only form, Series 2010 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 2010 Bond, a new Series 2010 Bond or Series 2010 Bonds, registered in the name of the transferee, of any Authorized Denomination, in an aggregate principal amount equal to the principal amount of such Series 2010 Bond, of the same Series and Stated Maturity, and bearing interest at the same rate. Bonds, upon surrender thereof at the principal corporate trust office of the Trustee, 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 2010 Bonds of the same Series and Stated Maturity, of any Authorized Denomination, and bearing interest at the same rate.

In all cases in which Series 2010 Bonds are exchanged or transferred, the Corporation shall execute and the Trustee shall authenticate and deliver at the earliest practicable time Series 2010 Bonds in accordance with the Indenture. All Series 2010 Bonds surrendered in any such exchange or transfer shall forthwith be cancelled by the Trustee. No service charge shall be made to any Bondholder for

registration, transfer, or exchange of Series 2010 Bonds, but the Corporation or the Trustee may make a charge for every such exchange or transfer of Series 2010 Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer, and such charge shall be paid before any such transfer or exchange is completed.

Neither the Corporation nor the Trustee shall be required (i) to issue, transfer, or exchange any Series 2010 Bond during a period beginning at the opening of business 15 days preceding the date of mailing a notice of redemption for Series 2010 Bonds selected for redemption and ending at the close of business on the day of such mailing or (ii) to transfer or exchange any Series 2010 Bond so selected for redemption in whole or in part.

In the event of an acceleration as described above, (i) the Credit Facility Provider may, as long as any Credit Facility is in effect and the Credit Facility Provider associated with such Credit Facility is in compliance with its payment obligation thereunder, or (ii) Trustee (a) may, with the prior written consent of such Credit Facility Provider, and (b) shall upon the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding shall, direct the mortgage trustee to foreclose the lien on the Convention Center Property created and vested by the Deed of Trust. The Trustee shall receive the proceeds of such foreclosure sale and shall pay the same in accordance with the provisions of the Indenture. Notwithstanding any provisions to the contrary contained in the Indenture, upon the occurrence of an Event of Default, no Series 2000 Bond may be redeemed unless provision for payment of all Parity Bonds has been made pursuant to the Indenture, and no Series 2005B Bond or Series 2010 Bonds may be redeemed unless provision for payment of all Parity Bonds and all Series 2000 Bonds has been made pursuant to the Indenture. See “**APPENDIX C – SUMMARIES OF LEGAL DOCUMENTS – THE INDENTURE**” herein.

Book-Entry-Only System

Upon initial issuance, ownership interests in the Series 2010 Bonds will be available to purchasers only through a book-entry system (the “**Book-Entry System**”) maintained by DTC, New York, New York, which will act as securities depository for the Series 2010 Bonds. The Series 2010 Bonds will be issued as fully-registered securities registered in the name of the Nominee. Initially, one fully-registered certificate will be issued for each Maturity of the Series 2010 Bonds, in the aggregate principal amount of each Maturity of the Series 2010 Bonds, and will be deposited with DTC. See **APPENDIX E** of this Official Statement for a description of DTC and its Book-Entry-Only System. The information in **APPENDIX E** will not apply to any Series 2010 Bonds issued in certificate form due to the discontinuance of the Book-Entry System.

Additional Bonds

So long as no event has occurred and is continuing which, with the passage of time or otherwise, would become an Event of Default under the Indenture or the Lease Purchase 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 2010 Bonds and any other Outstanding Parity Bonds, at any time and from time to time with the prior written consent of the Credit Facility Provider, if any, and upon compliance with the conditions provided in the Indenture for the purpose of providing funds:

(i) to pay the cost of completing certain Convention Center Projects, as further described in the Indenture;

(ii) to pay all or any part of the cost of the acquisition, purchase, construction, installation, or equipping of additions to or expansions of or remodeling or modification or rehabilitation of the

Convention Center Property and to pay the costs of acquisition and installation of additional equipment and the costs of acquisition of additional rolling stock related to the Convention Center Property; and

(iii) for refunding all or any part of the Outstanding Parity Bonds or Additional Bonds issued for the purpose of refunding the Parity Bonds, including the payment of any redemption premium thereon and interest to accrue to the designated Redemption Date and any expenses in connection with such refunding.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS

General

The Series 2010 Bonds will be payable from and secured by a pledge of (a) Rentals, Additional Rentals and other security constituting the Trust Estate under the Indenture, including certain receipts of the Corporation; (b) Series 2010 Bond proceeds deposited in the Bond Fund and the Bond Reserve Fund, and income from the investment thereof; and (c) proceeds from insurance and condemnation awards which are intended to be sufficient to pay, when due, the principal of or Accreted Value and premium, if any. **THE CITY IS ONLY OBLIGATED TO MAKE PAYMENTS UNDER THE LEASE PURCHASE AGREEMENT FROM ANNUAL APPROPRIATIONS MADE BY THE CITY, AND THE FULL FAITH AND CREDIT OF THE CITY HAS NOT BEEN PLEDGED TO THE PAYMENT OF THE SERIES 2010 BONDS.**

The Lease Purchase Agreement

The Corporation owns the Convention Center Property which it leases to the City under a Lease Purchase Agreement originally entered into as of June 15, 1993, and subsequently amended and restated from time to time, including most recently by the Seventh Supplemental and Restated Lease Purchase Agreement dated as of March 1, 2010, among the Corporation, the City and the Authority (as amended from time to time, the **“Lease Purchase Agreement”**).

The Lease Purchase Agreement, subject to earlier termination pursuant to its provisions, has an original term that commenced as of June 15, 1993, and will terminate as described below under the subheading **“Term of the Lease Purchase Agreement.”** The Corporation’s right, title and interest in the Lease Purchase Agreement (except for certain indemnification rights and other rights to receive payments) has been assigned to the Trustee for the benefit of the Owners of the Series 2010 Bonds and other Parity Bonds and to Owners of (i) the Series 2000 Bonds, which are subordinate to the Parity Bonds, (ii) the Series 2005B Bonds, which are subordinate to the Parity Bonds and the Series 2000 Bonds, and (iii) the Series 2009B Bonds, which are subordinate to the Parity Bonds, the Series 2000 Bonds, and the Series 2005B Bonds.

Pursuant to the Lease Purchase Agreement, the City has agreed, subject to annual appropriation, to make payments of Rentals and Additional Rentals and other revenues payable under the Lease Purchase Agreement to the Corporation (except for certain indemnification rights and other rights to receive payments as provided in the Lease Purchase Agreement). The Rentals and Additional Rentals received from the City have been assigned by the Corporation to the Trustee for the benefit of the Bondholders. For so long as the Series 2010 Bonds are Outstanding, the City is required to pay, as Rentals, subject to annual appropriation, to the Trustee, as assignee of the Corporation, amounts corresponding to payments of Accreted Value and premium, if any, on the Series 2010 Bonds. The City covenants that it will pay the Rentals at such times and in such amounts as to assure that no default in the payment of Accreted Value and premium, if any, will occur. Additional Rentals include, among other

things, payments, if required, sufficient to maintain the Series 2010A Reserve Account and the Series 2010B Reserve Account, if required.

If at the time any payment is due and the balance in the Bond Fund (not subject to the lien of the Trustee for fees and expenses) is less than the sum required to be on deposit in such Fund in order to pay the principal of, premium, if any, and interest or Accreted Value then payable on the Series 2010 Bonds in accordance with the provisions of the Lease Purchase Agreement, the City is required forthwith to pay as Rentals any such deficiency to the Trustee for deposit in the Bond Fund in immediately available funds, and such payment will constitute Rentals and any Additional Rentals under the Lease Purchase Agreement. Any amount at any time held by the Trustee in the Bond Fund (not subject to the lien of the Trustee for fees and expenses) for the payment of the principal of, premium, if any, and interest or Accreted Value on the Series 2010 Bonds will, 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 the principal of, premium, if any, and interest or Accreted Value on (i) any Series 2010 Bonds theretofore matured or called for redemption plus (ii) past due interest, in all cases where such Series 2010 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 for fees and expenses) is sufficient to pay at the times required the principal of, premium, if any, and interest on or Accreted Value of all of the Series 2010 Bonds then remaining unpaid, the City will not be obligated to pay Rentals and certain Additional Rentals.

Term of the Lease Purchase Agreement

The term of the Lease Purchase Agreement commenced as of June 15, 1993, and shall terminate on the earliest of the occurrence of any of the following events: (i) an Event of Non-Appropriation with respect to the City; (ii) an Event of Default with respect to the City under the Lease Purchase Agreement if the Corporation or the Trustee has elected, either subject to the prior written consent of the Credit Facility Provider, as long as any Credit Facility is in effect and the Credit Facility Provider associated with such Credit Facility is in compliance with any payment obligation thereunder, or at the prior written direction of such Credit Facility Provider, such remedies as are provided in the Lease Purchase Agreement; or (iii) the discharge of the Indenture pursuant to the terms thereof and the provision by the City for the payment of Additional Rentals. The Lease Purchase Agreement provides that the City will give notice to the Corporation and the Trustee as early as practicable and in any case no later than three (3) Business Days following the date on which the budget for any Fiscal Year of the City is finally approved by the Board of Aldermen of the City (the “**Board of Aldermen**”) of either (i) the termination of the Lease Purchase Agreement or (ii) confirmation that sufficient funds have been budgeted and appropriated to make all payments of Rentals and Additional Rentals for such Fiscal Year. Notice that sufficient funds have been appropriated for such Fiscal Year shall be accompanied by evidence satisfactory to the Corporation that sufficient funds have been budgeted and appropriated to make payments of all Rentals for the Fiscal Year to which such notice pertains and to make such payments of Additional Rentals as shall be required for such Fiscal Year by the terms of the Lease Purchase Agreement. (See “**SUMMARY OF TAX SOURCES—Budget Process**” herein.)

The Deed of Trust

To secure the payment of the principal of, premium, if any, and interest or Accreted Value on the Series 2010 Bonds and the other Bonds, the Corporation has granted a deed of trust (the “**Deed of Trust**”) on and a security interest in the Convention Center Property to a deed of trust trustee named therein for the benefit of the Trustee.

In the Deed of Trust, the Corporation covenants to pay certain taxes and assessments on the Convention Center Property, and to maintain the Convention Center Property in good condition and repair, free from liens and encumbrances and insured as provided in the Deed of Trust.

Bond Reserve Fund

The Indenture creates and establishes a Bond Reserve Fund to secure the Bonds issued pursuant to the Indenture and within the Bond Reserve Fund, the Series 2010A Reserve Account and the Series 2010B Reserve Account. The Series 2010A Reserve Account will be funded from the proceeds of the 2010A Bonds upon the issuance of the Series 2010A Bonds in an amount equal to the Series 2010A Reserve Account Requirement pursuant to the Indenture. The Series 2010B Reserve Account will be funded from the proceeds of the Series 2010B Bonds upon the issuance of the Series 2010B Bonds in an amount equal to the Series 2010B Reserve Account Requirement pursuant to the Indenture. The Corporation has reserved the right to satisfy the Series 2010A Reserve Account Requirement and/or the Series 2010B Reserve Account Requirement with a surety bond or similar financial instrument in the future, but has no present intention to do so.

SUMMARY OF TAX SOURCES

The City has various sources of revenue, including earnings tax, ad valorem property taxes, sales and use taxes, gross receipts taxes, license fees and other revenue sources (see **APPENDIX A** and **APPENDIX B** herein). It is anticipated that the funds required to pay the Rentals and Additional Rentals payable by the City under the Lease Purchase Agreement will be derived principally from the Hotel Tax and Restaurant Gross Receipts Tax described below, although the receipts from such taxes are not pledged as security for the Bonds. Any additional sums required for such payments are expected to be made from the City's General Fund. All amounts required for such payments are subject to annual appropriation.

Hotel Tax Overview

Section 67.657(8) RSMo., as amended, authorizes the City to levy a tax, not to exceed three and one-half percent (3-1/2%), on the amount of sales or charges for all sleeping rooms paid by the transient guests of hotels and motels situated within and doing business within the City, subject to approval by a majority of voters at an election to approve the imposition of such tax. On April 6, 1993, the voters of the City approved the tax (the "**Hotel Tax**"). All funds collected, less an allowance for costs of collection, are deposited in a special trust fund known as the "**City Convention and Sports Facility Trust Fund**" (the "**Trust Fund**").

Restrictions on Application of Hotel Tax Revenues

All funds deposited in the Trust Fund shall, subject to annual appropriation, be disbursed by the City only for first, the payment of debt service, lease payments or other expenses related to the Convention Center, second the payment of the City's share of any rent, fees or charges payable pursuant to any lease in respect of facilities which the Regional Convention and Sports Complex Authority is authorized to construct, own, operate, improve or develop (such as the Edward Jones Dome), and third, the payment of the remainder, if any, annually to the CVC if it is then providing management and operation services for a facility of the Regional Convention and Sports Complex Authority as to which facility the State, the City and St. Louis County are lessees or sublessees. **THE HOTEL TAX REVENUES ARE NOT PLEDGED AS SECURITY FOR THE SERIES 2010 BONDS AND THE EXPENDITURE OF THE HOTEL TAX REVENUES IS SUBJECT TO ANNUAL APPROPRIATION BY THE CITY.** Hotel Tax revenues are limited to the uses described above.

However, all expenditures of the Trust Fund are subject to annual appropriation by the St. Louis Board of Aldermen. Pursuant to the Ordinance, the City has agreed that during each Fiscal Year or portion thereof in which the Series 2010 Bonds remain Outstanding, the City shall not use Hotel Tax revenues in the then-current Fiscal Year for any purpose other than making payments of Rentals and Additional Rentals with respect to the Series 2010 Bonds (and any Parity Bonds) during such then-current Fiscal Year, unless such rental payments have been provided for.

The following table shows the Hotel Tax revenues collected for each of the City's Fiscal Years since 1999. These figures show the total Hotel Tax revenues collected for all rooms in the City, not just those booked through the CVC.

Hotel Tax Revenues		
<u>Fiscal Year</u>	<u>Amount</u>	<u>Percentage Change</u>
1999	\$4,456,208	
2000	\$4,456,693	0.01%
2001	\$5,152,949	15.62%
2002	\$4,743,157	-7.95%
2003	\$5,207,520	9.79%
2004	\$5,103,777	-1.99%
2005	\$5,278,020	3.41%
2006	\$5,388,007	2.08%
2007	\$5,767,311	7.05%
2008	\$5,616,156	-2.62%
2009	\$6,513,276	15.97%

Source: Office of the Comptroller, City of St. Louis, Missouri.

Restaurant Gross Receipts Taxes

Under an ordinance adopted in 1972, the City imposes a one percent (1%) license tax based on the gross receipts due from or paid by patrons of all restaurants and itinerant restaurants doing business within the City, excluding gross receipts from the sale of any alcoholic beverage. Subsequently, by ordinance adopted in 1987, the City imposed an additional gross receipts tax on such receipts of one-half of one percent (1/2%). Together, such one percent tax and one-half of one percent tax are referred to herein as the "**Restaurant Gross Receipts Taxes.**" The following table shows the amount of Restaurant Gross Receipts Taxes collected for the City's General Fund for each Fiscal Year of the City beginning in 1999:

<u>Fiscal Year</u>	<u>1% Rate</u>	<u>½ of 1% Rate</u>	<u>Total Amount</u>
1999	\$3,524,926	\$1,762,463	\$5,287,389
2000	\$3,776,986	\$1,888,493	\$5,665,479
2001	\$3,877,203	\$1,938,602	\$5,815,805
2002	\$3,818,539	\$1,909,270	\$5,727,809
2003	\$3,963,109	\$1,981,555	\$5,944,664
2004	\$3,939,803	\$1,969,902	\$5,909,705
2005	\$4,054,939	\$2,027,470	\$6,082,409
2006	\$4,177,810	\$2,088,905	\$6,266,715
2007	\$4,427,787	\$2,213,894	\$6,641,681
2008	\$4,313,402	\$2,156,701	\$6,470,103
2009	\$4,627,517	\$2,313,759	\$6,941,276

Source: Office of the Comptroller, City of St. Louis, Missouri.

Restrictions on Application of Restaurant Gross Receipts Taxes

Revenues derived from the one percent (1%) portion of the Restaurant Gross Receipts Tax are required to be deposited into the City's Convention and Tourism Fund (the "C&T Fund") and are used, subject to appropriation, to support various tourism activities. These tourism activities are supervised by the Convention and Tourism Bureau composed of the City's Mayor, Comptroller and President of the Board of Aldermen. For the Fiscal Year ending June 30, 2010, \$235,000 has been appropriated from the C&T Fund for various tourism-related activities. The balance is available, subject to appropriation, to pay the amounts payable by the City under the Lease Purchase Agreement. The one-half of one percent (1/2%) portion of the Restaurant Gross Receipts Tax is not subject to this requirement. **THE RESTAURANT GROSS RECEIPTS TAX REVENUES ARE NOT PLEDGED AS SECURITY FOR THE SERIES 2010 BONDS AND THE EXPENDITURE OF THE RESTAURANT GROSS RECEIPTS TAX REVENUES IS SUBJECT TO ANNUAL APPROPRIATION BY THE CITY.** Pursuant to the Ordinance, the City has agreed that, during each Fiscal Year or portion thereof in which the Series 2010 Bonds remain Outstanding, the City will not use the one percent (1%) portion of the Restaurant Gross Receipts Tax revenues in the then-current Fiscal Year unless the City has provided for payment of such Rentals and Additional Rentals.

Projected Receipts from Hotel and Restaurant Taxes

The following table shows the projected receipts from the Hotel Tax and Restaurant Gross Receipts Taxes for the City's Fiscal Years through the Fiscal Year ending June 30, 2038. These projections assume an annual rate of growth of one and one-half percent (1-1/2%).

Fiscal Year	Hotel Tax	Restaurant Gross Receipts Taxes		Total Taxes
		1% Rate	½ of 1% Rate	
2010	\$5,785,500	\$4,445,700	\$2,222,850	\$12,454,050
2011	\$5,872,283	\$4,512,386	\$2,256,193	\$12,640,861
2012	\$5,960,367	\$4,580,071	\$2,290,036	\$12,830,474
2013	\$6,048,772	\$4,648,772	\$2,324,386	\$13,022,931
2014	\$6,140,519	\$4,718,504	\$2,359,252	\$13,218,275
2015	\$6,232,627	\$4,789,281	\$2,394,641	\$13,416,549
2016	\$6,326,116	\$4,861,121	\$2,430,560	\$13,617,797
2017	\$6,421,008	\$4,934,038	\$2,467,019	\$13,822,064
2018	\$6,517,323	\$5,008,048	\$2,504,024	\$14,029,395
2019	\$6,615,083	\$5,083,169	\$2,541,584	\$14,239,836
2020	\$6,714,309	\$5,159,416	\$2,579,708	\$14,453,433
2021	\$6,815,024	\$5,236,808	\$2,618,404	\$14,670,235
2022	\$6,917,249	\$5,315,360	\$2,657,680	\$14,890,288
2023	\$7,021,008	\$5,395,090	\$2,697,545	\$15,113,643
2024	\$7,126,323	\$5,476,016	\$2,738,008	\$15,340,347
2025	\$7,233,216	\$5,558,157	\$2,779,078	\$15,570,453
2026	\$7,341,716	\$5,641,529	\$2,820,765	\$15,804,009
2027	\$7,451,842	\$5,726,152	\$2,863,076	\$16,041,070
2028	\$7,563,619	\$5,812,044	\$2,906,022	\$16,281,686
2029	\$7,677,074	\$5,899,225	\$2,949,612	\$16,525,911
2030	\$7,792,230	\$5,987,713	\$2,993,857	\$16,773,800
2031	\$7,909,113	\$6,077,529	\$3,038,765	\$17,025,407
2032	\$8,027,750	\$6,168,692	\$3,084,346	\$17,280,788
2033	\$8,148,166	\$6,261,222	\$3,130,611	\$17,540,000
2034	\$8,270,389	\$6,355,141	\$3,177,570	\$17,803,099
2035	\$8,394,444	\$6,450,468	\$3,225,234	\$18,070,146
2036	\$8,520,361	\$6,547,225	\$3,273,612	\$18,341,198
2037	\$8,648,166	\$6,645,433	\$3,322,717	\$18,616,316
2038	\$8,777,889	\$6,745,115	\$3,372,557	\$18,895,561

Source: Office of the Comptroller, City of St. Louis, Missouri.

Tax Revenues From Casino Gambling

Missouri permits casino gambling on licensed excursion boats operating or docked on its rivers. The State imposes a tax (the “**Riverboat Gaming Tax**”) at the rate of twenty-one percent (21%) (prior to November 2008 such rate was twenty percent (20%)) on the adjusted gross receipts derived by such gambling activities. The City’s share of the Riverboat Gaming Tax is ten percent (10%) of the Riverboat Gaming Tax collected from such adjusted gross receipts.

The City regularly appropriates a portion of its gross receipts from the Riverboat Gaming Tax for the purchase of capital equipment and improvements in support of tourism activities. Funds that would otherwise be expended on the capital equipment and improvements purchased with funds appropriated from Riverboat Gaming Tax receipts thereby remain available for other City uses, which could include, subject to appropriation, payment of Rentals and Additional Rentals under the Lease Purchase Agreement. **NO RIVERBOAT GAMING TAX RECEIPTS ARE PLEDGED TO THE PAYMENT OF SUCH RENTALS OR ADDITIONAL RENTALS OR OTHERWISE AS SECURITY FOR THE SERIES 2010 BONDS AND THE EXPENDITURE OF THE RIVERBOAT GAMING TAX RECEIPTS IS SUBJECT TO ANNUAL APPROPRIATION BY THE CITY.**

The following table shows the amounts received by the City from the Riverboat Gaming Tax for the two casinos in the City, the President Casino (the “**President**”) and Lumiere Place (“**Lumiere**”), and the amounts allocated for the purchase of capital equipment and other improvements:

<u>Fiscal Year</u>	<u>Receipts*</u>	<u>Appropriated for Capital Purchases</u>
2004	\$ 6,559,856	\$4,500,000
2005	\$ 6,433,164	\$4,275,000
2006	\$ 6,259,166	\$3,700,000
2007	\$ 5,575,247	\$2,700,000
2008	\$ 8,738,272	\$4,200,000
2009	\$12,811,252	\$6,750,000

*Total of Port Lease, Riverboat Gaming Tax and Admission Tax and interest

In addition, pursuant to a contract between the City and the operator of the President, the City receives two percent (2%) of the President’s adjusted gross income as rental for the President’s site in the City’s central riverfront area. These rental receipts are deposited in the City’s General Fund.

On January 27, 2010, the Missouri Gaming Commission (the “**Commission**”) announced its plans to revoke the President’s gaming license. The basis for this decision was the decline in revenue generated by the President following the opening of Lumiere, a much larger casino located just a few hundred yards away from the President and owned by the same operator. Originally the operator announced that it would appeal the decision, but later, on March 10, stated that it had reached an agreement with the Commission to close the President by July 1, 2010. It is estimated that closing the President could result in the loss of as many as 200 jobs and approximately \$2,000,000 in Riverboat Gaming Tax revenue to the City. When the closing occurs, the license (one of only thirteen permitted in the entire State under current law) could be awarded by the Commission to another operator anywhere within the State. At least one City-based group has expressed an interest in seeking the license, but there is no certainty that any newly awarded license holder will operate within the City. The total impact on the City remains uncertain at this point. As shown in the table above, Fiscal Year 2009 Riverboat Gaming Tax receipts collected by the City totaled \$12,811,252. Revenue generated by Lumiere is significantly larger than that generated by the President. Of the total receipts collected, approximately \$10,757,379 was generated by Lumiere, and \$2,053,873 by the President. Since the opening of Lumiere, the President’s revenues have declined, and it is possible that the closing of the President, in light of the

proximity of the newer Lumiere to it, might mean that the President's patrons would simply transfer their activities to Lumiere. However, the two percent (2%) rental fee for the President's site will be lost.

Effort to Repeal the City Earnings Tax

A citizen's group, "Let Voters Decide," which is not endorsed by the City, is currently collecting signatures for a statewide ballot initiative to repeal the City's 1% earnings tax. If the group is successful in collecting enough signatures to place the issue on a statewide ballot, the issue of repealing the City's earnings tax would be the subject of a statewide referendum. If approved by the voters statewide, the issue would then be decided by the voters in the City. If the residents of the City voted in favor of repealing the City's earning tax in the fashion proposed by the citizen's group, the tax would be phased out over a ten-year period, and it would decrease to 0.9% in 2012, 0.8% in 2013 and so on, until it would end completely in 2021. Under the citizen's group's proposal, if the City voters decided to keep the earnings tax, the issue would again be brought to a Citywide vote five years later and every five years thereafter. The earnings tax applies to anyone who lives or works in the City and accounts for nearly one-third of the City's General Fund.

Sale of St. Louis Rams NFL Football Team

The City is home to three major professional sports teams, the St. Louis Rams, the St. Louis Blues and the St. Louis Cardinals. The three teams make significant contributions 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 three teams also generate positive national media attention for the City. St. Louis is regarded by many as America's best sports city, because of the quality of its teams and the excellence of its fan base. The *St. Louis Post-Dispatch* newspaper announced on February 11, 2010, that an individual from Urbana, Illinois, and a long-time Rams fan, has signed an agreement to purchase a controlling interest in the Rams. The potential sale is under review by the National Football League (NFL). The current owners, the potential purchaser, as well as the NFL, have expressed a desire that the team remain in St. Louis. The St. Louis Rams is an important and valuable tenant of the Edward Jones Dome.

Collection

Hotel Tax. The Hotel Tax is remitted monthly directly to the City's License Collector pursuant to rules and regulations promulgated by the Board of Aldermen. The tax collections, less an amount which may be retained for costs of collection, are then remitted to the City and deposited in the Trust Fund not later than thirty days following the end of each month.

Restaurant Gross Receipts Taxes. Every restaurant that operates in the City is required to file a Gross Receipts Taxes Report (the "**Gross Receipts Taxes Report**") with the City's License Collector for each calendar quarter. The Gross Receipts Tax Report sets forth the total gross receipts for such restaurant exclusive of sales tax collected from customers, the amount of tax-exempt sales and alcoholic beverage sales, which are not subject to this tax, and, after subtracting the \$2,500 exemption provided by ordinance, net taxable receipts. By the last day of the month following the end of each quarter, the Gross Receipts Taxes Report must be filed, and any Restaurant Gross Receipts Taxes calculated at the combined rate of one and one-half percent (1-1/2%) of net taxable receipts must be paid. Failure to file such report and pay any Restaurant Gross Receipts Taxes when due results in the imposition of a penalty which may eventually equal forty-five percent (45%) of the amount due.

Riverboat Gaming Tax. The Riverboat Gaming Tax is paid to the Missouri Gaming Commission (the "**Commission**"), which is composed of five members approved by the Governor of the State with the advice and consent of the Senate. The Commission then transfers the tax receipts to the State's Director

of Revenue. Each gambling boat is required to designate a city or county as its home dock. The home dock city or county receives ten percent (10%) of the Riverboat Gaming Tax receipts from boats which have designated it as their home dock. All such revenues transferred to the City cease to be state funds when transferred, and are deposited in the City's General Fund for use in providing services necessary for the safety of the public visiting such gambling boats.

Budget Process

Each Fiscal Year, the Board of Estimate and Apportionment of the City 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. The Board of Estimate and Apportionment is made up of the Mayor, the Comptroller, and the President of the Board of Aldermen of the City.

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 Fiscal Year, is approved by the Board of Estimate and Apportionment and submitted to the Board of Aldermen.

The Board of Estimate and Apportionment must submit its proposed budget to the Board of Aldermen at least 60 days prior to July 1, the first day of the City's Fiscal Year. 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 or for the payment of principal and premium, if any and 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. The budget is funded from various revenue sources, including real property taxes. For Fiscal Year 2008, real property taxes produced approximately 9.46% of the City's General Fund revenue; and for Fiscal Year 2009, real property taxes produced approximately 8.97% of the City's General Fund revenue. 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. Increasing the level of existing taxes or imposing new taxes requires voter approval in accordance with the Missouri Constitution. See "**GENERAL REVENUE RECEIPTS -- The Hancock Amendment**" set forth in **APPENDIX A** hereto.

In the event the Board of Estimate and Apportionment does not timely submit its proposed budget or real property tax rates to the Board of Aldermen, 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 real property tax rate by the beginning of any Fiscal Year, the proposed budget or real property tax rates recommended by the Board of Estimate and Apportionment, or, in the absence of such proposed budget or real property tax rates, the proposed budget submitted 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 and premium, if any, and 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 is not lawfully applicable. The Board of Estimate and Apportionment may, from time to time, appropriate any accruing, unappropriated City revenue, and 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 for 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.

Appropriation

THE CITY IS NOT AND MAY NOT BE LEGALLY OBLIGATED TO APPROPRIATE FUNDS TO PAY RENTALS OR ADDITIONAL RENTALS UNDER THE LEASE PURCHASE AGREEMENT AND NEITHER THE REVENUES FROM THE HOTEL TAX, THE RESTAURANT GROSS RECEIPTS TAX OR THE RIVERBOAT GAMING TAX ARE PLEDGED OR OTHERWISE COMMITTED TO PAY DEBT SERVICE ON THE SERIES 2010 BONDS. See “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS**” herein. 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 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 Purchase Agreement. Pursuant to the Ordinance, the City has agreed that during each Fiscal Year or portion thereof in which the Series 2010 Bonds remain Outstanding, the City will not use any revenues from the Hotel Tax or the one-percent (1%) portion of the Restaurant Gross Receipts Taxes in the then-current Fiscal Year for any purpose other than making payments of Rentals and Additional Rentals with respect to the Series 2010 Bonds and any other Parity Bonds during such then-current Fiscal Year, unless such payments of Rentals and Additional Rentals have been provided for. The Hotel Tax revenues are required by law (subject to annual appropriation) to be applied to the payment of debt service and other expenses of the Convention Center Property before they may be used for any other purpose (see “**SUMMARY OF TAX SOURCES – Restrictions on Application of Hotel Tax Revenues**” herein). The revenues from the one percent (1%) restaurant gross receipts tax are also limited as described above (see “**SUMMARY OF TAX SOURCES – Restrictions on Application of Restaurant Gross Receipts Taxes**” herein). There are no limitations on the use of the additional one-half of one percent (1/2%) restaurant gross receipts tax. **If funds derived from these tax sources are insufficient to pay debt service on the Series 2010 Bonds, the deficiency may be made up from the City’s General Fund, including funds derived from the Riverboat Gaming Tax.**

Effect of Non-Appropriation

In the event that 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 Purchase Agreement, 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.

Notwithstanding the preceding paragraph, no Event of Non-Appropriation shall be deemed to have occurred under the Lease Purchase Agreement if, during the Fiscal Year subsequent to the month in which an event described in the preceding paragraph occurs, Rentals and Additional Rentals are timely paid pursuant to the terms of the Lease Purchase 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 Purchase 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 occurs and is continuing, upon receipt of a certificate from a representative of the City which states that the City has not appropriated 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 OCCURS, THE CITY SHALL NOT BE OBLIGATED TO MAKE PAYMENT OF THE RENTALS OR ADDITIONAL RENTALS PROVIDED FOR IN THE LEASE PURCHASE AGREEMENT WHICH ACCRUE BEYOND THE LAST DAY OF THE FISCAL YEAR FOR WHICH RENTALS AND ADDITIONAL RENTALS WERE APPROPRIATED, EXCEPT FOR THE CITY'S OBLIGATION TO MAKE PAYMENTS WHICH ARE PAYABLE PRIOR TO THE TERMINATION OF THE LEASE PURCHASE AGREEMENT; *PROVIDED, HOWEVER*, THAT THE CITY SHALL CONTINUE TO BE LIABLE FOR THE AMOUNTS ACCRUED DURING SUCH TIME WHEN THE CITY CONTINUES TO OCCUPY THE CONVENTION CENTER 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 THE CREDIT FACILITY PROVIDER, AND SHALL BE FURTHER ENTITLED TO ALL MONIES THEN ON HAND IN ALL FUNDS AND ACCOUNTS CREATED UNDER THE INDENTURE, EXCLUDING MONEYS ON DEPOSIT IN THE REBATE FUND. ALL PROPERTY, FUNDS AND RIGHTS ACQUIRED BY THE TRUSTEE UPON THE TERMINATION OF THE LEASE PURCHASE 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 PURCHASE 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.

Nothing in the Lease Purchase Agreement shall be construed as requiring the Board of Aldermen to appropriate any money to pay any Rentals or Additional Rentals. If the City fails to pay any Rentals or Additional Rentals which are due, however, the Corporation or the Trustee shall have the right, at its option and subject to the prior written consent of the Credit Facility Provider, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder, without any further demand or notice, to take any one or more of the following remedial steps: (i) declare all Rentals and Additional Rentals for the Fiscal Year in which such failure occurred to be immediately due and payable, (ii) give the City written notice of its intention to terminate the Lease Purchase Agreement, and if all such failures have not then been cured, on the date so specified, the City's rights to possession of the Convention Center Property shall cease, the Lease Purchase Agreement shall be terminated, and the Corporation may reenter and take possession of the Convention Center Property, (iii) without terminating the Lease Purchase Agreement, relet the Convention Center Property, or parts thereof, for such term or terms and at such rental and upon such other provisions and conditions as the Corporation may deem advisable, (iv) terminate the City's right of possession under the Lease Purchase Agreement as to any one or more items of the Convention Center Equipment and cause the City, at the City's expense, to store, maintain, surrender and deliver possession of such items of the Convention Center Equipment to the Corporation, and (v) take whatever action at law or in equity that may appear necessary or desirable to collect the Rentals and Additional Rentals then due and thereafter to become due. If the City fails to pay any required Rentals or Additional Rentals, the Trustee or the Corporation may bring legal action to evict the City from the Convention Center Property.

However, the City is committed to achieving a balanced budget for each Fiscal Year. In that context, representatives of the City have indicated that it has historically been the City's practice to

appropriate funds for debt service on its outstanding obligations prior to making appropriations for other purposes.

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

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

THE CONVENTION CENTER

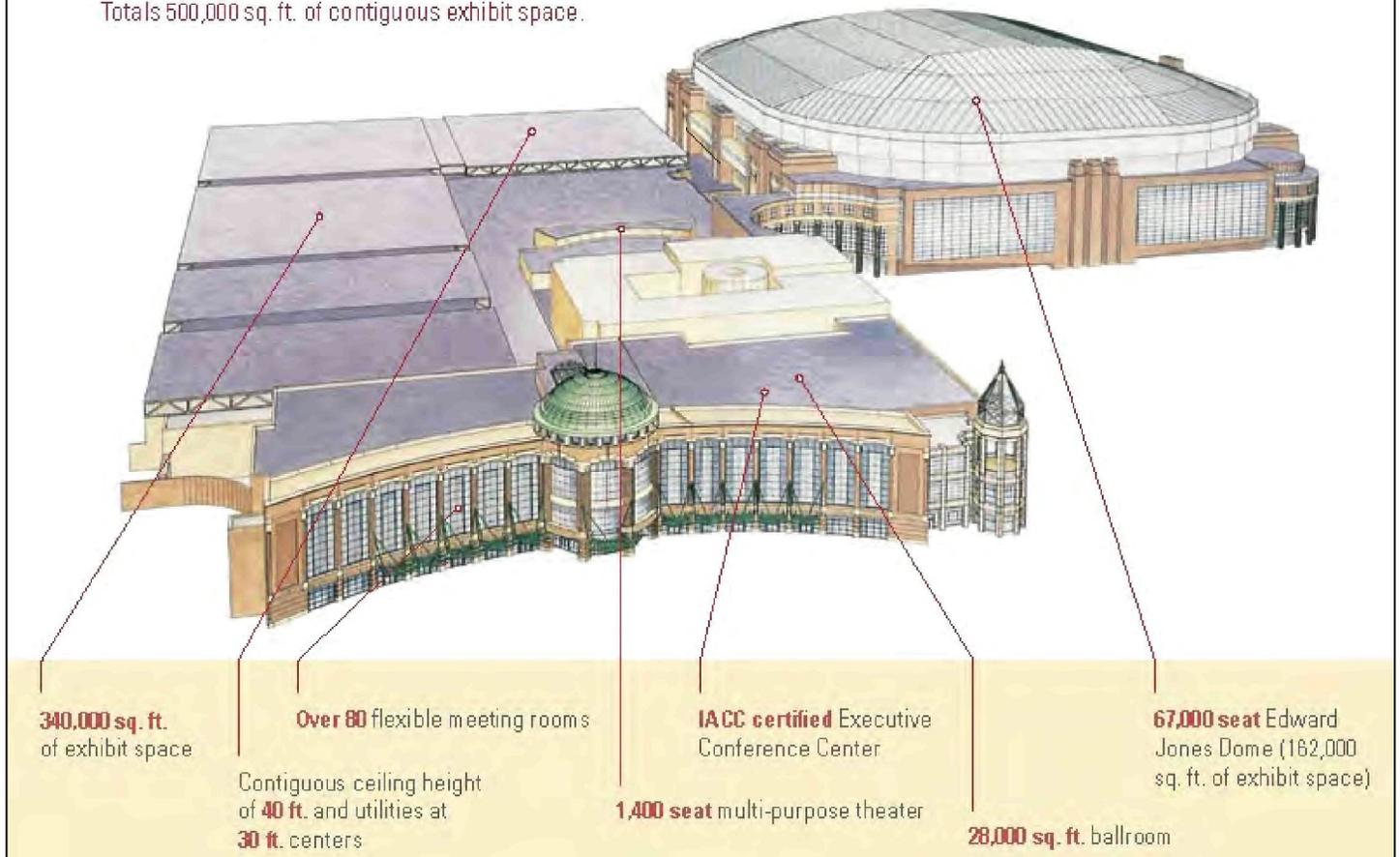
General

The Convention Center Property is owned by the Corporation and leased to the City pursuant to the Lease Purchase Agreement. It is located in downtown St. Louis and is the largest convention facility in the St. Louis metropolitan region 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 (which is not 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 502,000 square feet of exhibit space in six halls, as well as 84 meeting rooms, the Ferrara Theatre, and the St. Louis Executive Conference Center. Together with the Edward Jones Dome, the Convention Center Property is operated by the CVC as the 2,700,000 square foot America's Center Convention Complex.

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America's Center

Totals 500,000 sq. ft. of contiguous exhibit space.



Additionally, the CVC serves as both marketer and facility manager for the Convention Center.

By serving as both marketer and facility manager, the CVC achieves a competitive benefit for the Convention Center. Convention planners and site selection decision-makers traditionally prefer to negotiate with and purchase the meeting product – the Convention Center – directly from the service provider. The CVC is funded by 11/15ths of a 3-3/4% Convention and Tourism Hotel Tax paid by visitors who use hotel sleeping rooms in the City and in St. Louis County. A recent economic impact study* commissioned by and prepared on behalf of the CVC, estimates that the operations and activities associated with the CVC and the Convention Center contribute over \$2 billion in direct spending in the region on an annual and continuing basis, with over \$1 billion of this direct spending occurring within the City. A large single component of such direct spending is hotel and related expenses associated with the Convention Center.

* "The Economic Impact on St. Louis City and St. Louis County of the St. Louis Convention & Visitors Commission and the America's Center Convention Complex" commissioned by the St. Louis Convention & Visitors Commission and the America's Center (December 2009).

Private revenue from membership dues and corporate sponsorships also supports the CVC's efforts to increase convention business and tourism in metropolitan St. Louis. These funds are used to market the facility and destination and to cover any operating deficits incurred by the Convention Center. An additional 3-1/2% tax paid by visitors who use hotel or motel sleeping rooms in St. Louis is collected by the City to fund Convention Center debt service. (See "SUMMARY OF TAX SOURCES—Restrictions on Applications of Hotel Tax Revenues," herein.)

The following table shows the number of nights for which hotel and motel rooms were booked through the CVC since 2002. Although hotel and motels bookings declined in Fiscal Year 2009 because of the impact of the economic downturn on meetings and events, bookings to date for Fiscal Year 2010 have increased despite a continued negative economic climate. As of December 31, 2009, the CVC has exceeded its six (6) month (mid-year) goal of 260,000 room nights, and based on this trend, the CVC anticipates it will meet its goal of 520,000 hotel room nights booked in 2010, as shown below.

Booked Room Nights		
<u>Fiscal Year</u>	<u>Number of Rooms</u>	<u>Percentage Change</u>
2002	348,375	
2003	423,919	21.7%
2004	407,112	-4.0%
2005	415,134	2.0%
2006	429,841	3.5%
2007	524,830	22.1%
2008	554,031	5.6%
2009	380,959	-31.2%
2010*	260,268	Partial year*

*as of 12/31/2009

Source: St. Louis Convention and Visitors Commission.

The CVC actively promotes St. Louis as an attractive location for organizations holding large conventions, which organizations need to make their arrangements well in advance of such conventions. **As of December 31, 2009, the CVC has committed bookings for the years 2010 through 2019 for 469 events, as follows:**

<u>Year</u>	<u>No. of Events</u>	<u>Committed Room Nights</u>	<u>Expected Attendance</u>
2010	254	401,371	500,670
2011	86	272,323	239,732
2012	37	211,984	339,747
2013	17	100,426	73,200
2014	9	38,046	19,800
2015	5	26,220	19,000
2016	2	2,461	2,825
2017	1	24,450	20,000
2019	1	14,100	5,150
Total	<u>469</u>	<u>1,094,199</u>	<u>1,220,124</u>

Service Area

The service area of the Convention Center is determined by the type of event to be held at the Convention Center. The CVC defines the current service area of the Convention Center for conferences and consumer trade shows as the entire Midwest region within a 300 mile radius of the City.

Additionally, the ballroom and the St. Louis Executive Conference Center are considered choice sites for local corporate, civic and social events, including meetings and banquets.

Competition from Other Facilities

Based on a comprehensive analysis of St. Louis' competitiveness among second-tier destinations and some first-tier cities, the CVC has determined that twenty cities are St. Louis' primary competitors in the meetings/convention and tradeshow markets. The City believes that not all of these cities can compete with St. Louis in all market segments because the Edward Jones Dome, adjacent to the Convention Center Property and operated together with the Convention Center as The America's Center Convention Complex, offers a competitive advantage when bidding for major religious and sports-related events. The twenty competing cities are Atlanta, Baltimore, Charlotte, Cincinnati, Columbus, Dallas, Denver, Detroit, Houston, Indianapolis, Kansas City, Louisville, Memphis, Minneapolis, Nashville, New Orleans, Philadelphia, Pittsburgh, Salt Lake City and San Antonio.

Historical Utilization of the Convention Center and Convention Center Hotel

St. Louis' Convention Center was one of the pioneers of modern convention facilities in the United States, opening before the big boom in the meetings industry that occurred in the mid-1980s. The history of the building's expansion began when many large associations and organizations found their meeting needs growing both in the number of attendees they attracted and in the amount of exhibition space they required. With each expansion, there has been a significant jump in business with increases in both the number of City-wide conventions and the corresponding hotel room nights used.

The Convention Center, like similar facilities in the Midwest, currently draws conventions, trade shows, and assemblies from across the United States. The Midwest region typically has been successful in the convention and trade show market primarily due to the area's concentration of manufacturing and distribution facilities, population centers and central location.

The Convention Center's design, flexibility and professional operating staff were spotlighted when the largest indoor gathering ever held to date in the United States took place in the facility on January 27, 1999. More than 104,000 people filled all 502,000 square feet of exhibit space to participate in the historic Mass celebrated by Pope John Paul II. That same year, major sports championships were held in the adjacent Edward Jones Dome, including the NCAA attendance-breaking Midwest Regional Men's Basketball Championship and two NFL football championship playoff games. The Edward Jones Dome has continued to host major sporting and entertainment events, such as world tour concerts by the Rolling Stones, U2 and Backstreet Boys, plus collegiate sporting events such as the annual Gateway Classic football championship and regional rivalries, including the University of Missouri Tigers football team versus the University of Illinois Fighting Illini. St. Louis has hosted a number of NCAA basketball events in the Edward Jones Dome, including the NCAA Final Four in 2005, and the NCAA Men's Regional Events in 2004 and 2007. The Men's Regional will again be held in St. Louis in 2010.

The 2003 opening of the 1,083-room convention headquarters hotel, operated by Marriott International under its Renaissance Hotel brand, increased St. Louis' capacity and competitiveness for major conventions that use more than 1,000 hotel rooms per night. In calendar year 2009, the Convention Center hosted 449 total groups, 32 of which utilized more than 1,000 hotel rooms per night. The following table illustrates the number of hotel rooms consumed due to CVC bookings.

CVC CONSUMED BUSINESS OVERVIEW

	Groups 2000+	Room Nights	Groups 1000-1999	Room Nights	Groups 500-999	Room Nights	Groups 0-499	Room Nights	Total Groups	Total Room Nights
2003 Actual	12	176,339	12	52,188	21	53,209	250	105,558	295	387,294
2004 Actual	8	131,926	15	79,407	28	65,971	302	122,498	353	399,802
2005 Actual	8	179,533	14	64,103	22	48,262	248	104,299	292	396,197
2006 Actual	10	159,129	22	112,803	25	62,499	299	132,080	356	466,511
2007 Actual	12	166,729	15	71,328	28	67,666	311	141,460	366	447,183
2008 Actual	12	154,401	12	56,605	36	86,500	338	140,563	398	438,069
2009 Actual	14	177,860	18	96,055	24	54,655	303	162,925	449	488,495
2010 Projected	13	155,191	19	84,586	25	57,992	197	103,602	254	401,371

Source: St. Louis Convention and Visitors Commission

Conventions, trade shows and assemblies to be held at the Convention Center booked by the CVC in Fiscal Year 2010 have increased, and the larger events, in terms of expected attendance are listed in the chart below.

CONVENTION AND VISITORS COMMISSION – CONVENTION CENTER ACTIVITY TOP 25 CONVENTIONS BOOKED FOR 2010*

<u>Group</u>	<u>Attendance</u>	<u>Peak Room Nights</u>	<u>Total Room Nights</u>
NCAA Men's Basketball Regionals	36,500	2,850	6,525
Church of God in Christ, Inc.	35,000	3,655	25,027
Your Travel Biz	27,000	3,500	15,311
Joyce Meyer	18,000	3,500	10,000
PartyLite	15,000	1,500	6,035
TEAM	15,000	2,600	5,873
United Methodist Women	12,000	4,000	15,200
Alpha Kappa Alpha	12,000	2,500	13,075
CBA	11,000	3,800	18,869
Capitol Sports	9,500	3,700	10,270
National Truck Equipment Assn.	7,000	2,850	9,425
Reliv International	6,000	1,400	4,430
State Beauty	6,000	1,634	4,149
American Spirit	5,000	1,300	3,300
National Assn. College Admission Counseling	4,000	1,800	6,790
Transworld Haunt Show	3,500	900	4,630
Society of American Archaeology	3,350	1,000	4,060
Family Career & Community Leaders	3,000	1,000	2,220
INTERKULTUR -International Choral Festival	3,000	1,500	8,500
BBI	2,900	2,200	7,275
Academy of Managed Care Pharmacy	2,100	1,600	4,291
International Assn. Plant Biotechnology	2,000	1,109	6,217
Enlisted Assn. National Guard of US	1,700	1,100	5,746
Assn of Fraternal Leadership & Values	1,600	502	1,562
American Society of Quality	1,500	1,200	4,923

*as of 12/31/2009

BOND INSURANCE

The following information is not complete and reference is made to **APPENDIX H** for a specimen of the municipal bond insurance policy of Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) (“**AGM**”). AGM, together with other issuers of Credit Facilities (as defined herein) insuring other Series of Bonds issued under the Indenture, is sometimes referred to herein as a “**Credit Facility Provider**.” The Municipal Bond Insurance Policy, together with other financial guaranty insurance policies, letters of credit, surety bonds, or other credit facilities permitted under the Indenture, is referred to herein as a “**Credit Facility**.”

Bond Insurance Policy

Concurrently with the issuance of the Series 2010 Bonds, AGM will issue its Municipal Bond Insurance Policy for the Bonds (the “**Policy**”). The Policy guarantees the scheduled payment of the accreted value of the Bonds when due as set forth in the form of the Policy included as **APPENDIX H** to this Official Statement.

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

Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.)

AGM is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Financial Security Assurance Holdings Ltd. (“**Holdings**”). Holdings is an indirect subsidiary of Assured Guaranty Ltd. (“**AGL**”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “**AGO**”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

On July 1, 2009, AGL acquired the financial guaranty operations of Holdings from Dexia SA (“**Dexia**”). In connection with such acquisition, Holdings’ financial products operations were separated from its financial guaranty operations and retained by Dexia. For more information regarding the acquisition by AGL of the financial guaranty operations of Holdings, see Item 1.01 of the Current Report on Form 8-K filed by AGL with the Securities and Exchange Commission (the “**SEC**”) on July 8, 2009.

Effective November 9, 2009, Financial Security Assurance Inc. changed its name to Assured Guaranty Municipal Corp.

AGM’s financial strength is rated “**AAA**” (negative outlook) by Standard and Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“**S&P**”) and “**Aa3**” (negative outlook) by Moody’s Investors Service, Inc. (“**Moody’s**”). On February 24, 2010, Fitch, Inc. (“**Fitch**”), at the request of AGL, withdrew its “**AA**” (Negative Outlook) insurer financial strength rating of AGM at the then current rating level. Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by AGM. AGM does not guarantee the market price of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Recent Developments

Ratings

In a press release dated February 24, 2010, Fitch announced that, at the request of AGL, it had withdrawn the “AA” (Negative Outlook) insurer financial strength rating of AGM at the then current rating level. Reference is made to the press release, a copy of which is available at www.fitchratings.com, for the complete text of Fitch’s comments.

On December 18, 2009, Moody’s issued a press release stating that it had affirmed the “Aa3” insurance financial strength rating of AGM, with a negative outlook. Reference is made to the press release, a copy of which is available at www.moodys.com, for the complete text of Moody’s comments.

On July 1, 2009, S&P published a Research Update in which it affirmed its “AAA” counterparty credit and financial strength ratings on Financial Security Assurance Inc., now known as AGM. At the same time, S&P continued its negative outlook on AGM. Reference is made to the Research Update, a copy of which is available at www.standardandpoors.com, for the complete text of S&P’s comments.

There can be no assurance as to any further ratings action that Moody’s or S&P may take with respect to AGM.

For more information regarding AGM’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which was filed by AGL with the SEC on March 1, 2010. Effective July 31, 2009, Holdings is no longer subject to the reporting requirements of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”).

Capitalization of AGM

At December 31, 2009, AGM’s consolidated policyholders’ surplus and contingency reserves were approximately \$2,232,359,793 and its total net unearned premium reserve was approximately \$2,391,940,484 in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

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

- (i) The Annual Report on Form 10-K for the fiscal year ended December 31, 2009 (which was filed by AGL with the SEC on March 1, 2010).

All information relating to AGM included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.): 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

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

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

BONDHOLDERS’ RISKS

General

The Series 2010 Bonds involve certain risks, and the discussion below should be reviewed in evaluating these risks. The Series 2010 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 2010 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 2010 Bonds are special obligations of the Corporation, payable from Rentals and certain Additional Rentals received pursuant to the Lease Purchase Agreement. The Corporation has no taxing power. The Series 2010 Bonds do not constitute an indebtedness of the City or the State of Missouri, and neither the City nor the State is liable thereon. The Series 2010 Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The Series 2010 Bonds are also secured by the Deed of Trust.

Lease Purchase Agreement Payments of City Not a General Obligation

The City is not obligated to pay Rentals or Additional Rentals beyond the Fiscal Year which ends June 30, 2010. The Rentals and Additional Rentals for the Fiscal Year ending June 30, 2010 are included in the City’s budget for that Fiscal Year, which is expected to be finalized and adopted by July 31, 2010. Neither the Rentals nor Additional Rentals under the Lease Purchase Agreement nor any payments on the Series 2010 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 Purchase Agreement are limited to those funds of the City which are specifically budgeted and appropriated annually by the Board of Aldermen of the City for such purpose. The failure to renew the Lease Purchase Agreement would mean the loss of occupancy of the Convention Center Property by the City.

The City’s obligations under the Lease Purchase 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 Purchase Agreement. Accordingly, whether the City will renew the Lease Purchase Agreement throughout the term of the Series 2010 Bonds is dependent upon certain factors which are beyond the

control of the Bondholders, including (i) the continuing need of the City for facilities such as the Convention Center Property, (ii) the demographic conditions within the City, and (iii) the ability of the City to generate sufficient funds from the Convention Center Property, fees, taxes, and other sources to pay its obligations under the Lease Purchase Agreement and the other obligations of the City and then to appropriate such funds for use in meeting its obligations under the Lease Purchase Agreement.

Realization of the Full Value of the Convention Center Property

In the event that the City at any time elects not to renew the Lease Purchase Agreement, the Trustee may give notice to the City to vacate the Convention Center 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 Rentals due for such Fiscal Year) and shall, without any further demand or notice, (i) terminate the Lease Purchase Agreement, re-enter the Convention Center Property, eject all parties in possession thereof therefrom, and sublease the Convention Center Property or (ii) take any action at law or in equity deemed necessary or desirable to enforce its rights with respect to the Convention Center Property.

If an Event of Default has occurred and if the Maturity of the Bonds shall have been accelerated, (i) the Credit Facility Provider may, as long as any Credit Facility is in effect and the Credit Facility Provider associated with such Credit Facility is in compliance with its payment obligation thereunder, or (ii) the Trustee (a) may, with the prior written consent of such Credit Facility Provider, and (b) shall, upon the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding, direct the mortgage trustee to foreclose the lien on the Convention Center Property created and vested by the Deed of Trust. Because the Convention Center Property would not easily be used for purposes other than a convention center, it is uncertain that the Convention Center Property could be sold or subleased for an amount sufficient to redeem the Bonds in full if the Trustee was required to foreclose on or sublease such property.

The moneys derived from any such sublease or sale of the Convention Center Property, following a foreclosure, along with other moneys then held by the Trustee under provisions of the Indenture (with certain exceptions as provided in the Lease Purchase Agreement and the Indenture) are required to be used to redeem the Series 2010 Bonds, the other Parity Bonds, any Additional Bonds, the Series 2000 Bonds, the Series 2005B Bonds, and the Series 2009B Bonds, to the extent moneys are available. No assurance can be given that such moneys would be adequate to redeem the Series 2010 Bonds.

Additional Bonds

Additional Bonds may be issued for the purposes and subject to the conditions described under the heading “**THE SERIES 2010 BONDS – Additional Bonds**” herein. Such Additional Bonds will also be secured by the Convention Center Property encumbered by the Deed of Trust and could reduce the amount of money received from the sublease or sale of such property that could be available to pay the Series 2010 Bonds.

Cross Default

The Parity Bonds are parity obligations under the Indenture. In addition, the Series 2000 Bonds are secured by and entitled, on a subordinated basis to the Parity Bonds, to the protection of the Indenture. The Series 2005B Bonds are secured by and entitled, on a subordinated basis to the Parity Bonds and the Series 2000 Bonds, to the protection of the Indenture. The Series 2009B Bonds are secured by and entitled, on a subordinated basis to the Parity Bonds, the Series 2000 Bonds, and the Series 2005B Bonds, to the protection of the Indenture. A default with respect to any series of Bonds may result in a default with respect to all other series of Bonds, including the Series 2010 Bonds. Such a default could lead to

the early Maturity or redemption of all the Bonds, including the Series 2010 Bonds. See “**THE SERIES 2010 BONDS – Cross-Default**” herein.

All Bonds presently Outstanding under the Indenture except the Series 2010 Bonds are insured by a Credit Facility issued by a Credit Facility Provider. Upon the occurrence of an Event of Default under the Indenture, and as long as a Credit Facility is in effect with respect to any Series of Bonds issued under the Indenture and the Credit Facility Provider is not in default in its payment obligations under such Credit Facility, the Credit Facility Provider may direct the Trustee to declare all Bonds then Outstanding under the Indenture, including the Series 2010 Bonds, to be immediately due and payable and shall be entitled to control and direct the enforcement of all rights and remedies or, alternatively, may waive such default, even though such action may not be desired by, or in the best interests of, the Holders of the Series 2010 Bonds. If no Bonds Outstanding under the Indenture were secured by a Credit Facility, the right to declare the Bonds immediately due and payable upon the occurrence of an Event of Default would be exercisable by the Holders of 25% of the Outstanding 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 property. If hazardous substances are found to be located on 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 Convention Center 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 site of the Convention Center Property on a strict liability basis and such costs might exceed the value of such property.

Risks and Security Associated with the Convention and Tourism Industry

A significant portion of the economic activity in the City is dependent upon the convention and tourism industry. The generation of tax revenues from these industries is affected by a number of factors, many of which are beyond the control of the City. The convention and tourism industries can be adversely affected by changes in the economy, travel costs, outbreak of war or escalations of hostilities (including without limitation, current matters pending in Iraq, Afghanistan and other portions of the Middle East), competition, safety considerations, seasonality and changes in travel patterns. These factors potentially impact occupancy rates of overnight accommodations, consumption of food and beverages and sales of tickets to events. Fluctuations in these factors may adversely affect the amount and timing of funds and revenues available for appropriation by the City which are necessary to make payments under the Lease Purchase Agreement. (See “**SUMMARY OF TAX SOURCES**” herein.)

No Restrictions on Use of Property After Default Under Lease Purchase Agreement

If an Event of Default occurs for any reason under the Lease Purchase Agreement or if the City terminates the Lease Purchase Agreement and fails to purchase the Corporation’s interest in the Convention Center Property, the Corporation has the right to possession of the Convention Center Property for the remainder of the Term of the Lease Purchase Agreement and may sublease the Convention Center Property or sell its interest in the Lease Purchase Agreement or the Convention Center Property upon whatever terms and conditions it deems prudent. If the Corporation assigns or sells its interest in the Convention Center Property under these circumstances, no assurances can be given that interest on the Series 2010 Bonds would continue to be exempt from federal or State income taxation. See “**TAX MATTERS**” herein.

Certain Matters Relating to Enforceability

Remedies provided for in the Lease Purchase Agreement, the Deed of Trust 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 Purchase Agreement, the Deed of Trust and the Indenture could prove both expensive and time consuming.

Moreover, the remedies available upon a default under the Indenture, the Lease Purchase Agreement or the Deed of Trust will, in many respects, be dependent upon judicial actions, which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including the United States Bankruptcy Code and State laws concerning the use of assets of certain organizations, the remedies specified in the Indenture, the Lease Purchase Agreement and the Deed of Trust may not be readily available or may be limited. The various legal opinions to be delivered in connection with the issuance of the Series 2010 Bonds will be expressly subject to the qualification that the enforceability of the Indenture, the Lease Purchase Agreement and the Deed of Trust 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.

FINANCIAL STATEMENTS

The audited financial statements of the City and the related report of the City's independent certified public accountants for the Fiscal Year ended June 30, 2009, are included in **APPENDIX B** hereto. The City's independent public accountants have not audited any financial statements of the City for any period subsequent to June 30, 2009 and have not conducted any procedures with respect to the Fiscal Year 2009 financial statements subsequent to their audit.

RATINGS

Standard & Poor's Rating Service ("**S&P**") has assigned a rating of "AAA" (negative outlook) to the Series 2010 Bonds, with the understanding that upon delivery of the Series 2010 Bonds, a municipal bond insurance policy will be issued by the Credit Facility Provider. In addition, S&P has assigned an underlying rating of "A" to the Series 2010 Bonds. No application has been made to any other rating agency in order to obtain additional ratings on the Series 2010 Bonds. Such ratings reflect only the view of S&P, and any desired explanation of the significance of the ratings 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 2010 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 2010 Bonds, the preparation, execution and delivery of this Official Statement or the proceedings or authority under which they are to be issued. There is no litigation pending or, to the knowledge of the Corporation, threatened, in any manner challenging or threatening the powers of the

Corporation, restraining or enjoining the issuance or delivery of the Series 2010 Bonds or questioning or affecting the validity of the Series 2010 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 which would in any manner challenge or adversely affect the corporate existence or powers of the City to enter into and carry out the transactions described in or contemplated by, the execution, delivery, validity or performance by the City of the Lease Purchase 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 2010 Bonds and with regard to the tax-exempt status of the Series 2010 Bonds are subject to the approving legal opinions of Armstrong Teasdale LLP and Saulsberry & Associates, LLC, Co-Bond Counsel, whose approving opinions will be delivered with the Series 2010 Bonds. The expected form of the opinions of Co-Bond Counsel is attached as **APPENDIX E** 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 Underwriters by their co-counsel, The Stolar Partnership LLP and Worsham N. Caldwell, Jr. & 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 **“THE SERIES 2010 BONDS”** (excluding information concerning DTC and the Book-Entry System), **“SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 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

General

THE FOLLOWING INFORMATION HAS NOT BEEN PREPARED OR FURNISHED BY THE CORPORATION OR THE CITY AND IS PROVIDED ONLY AS A MATTER OF CONVENIENCE TO POTENTIAL PURCHASERS OF THE SERIES 2010 BONDS, AND IS NOT INTENDED TO BE COMPREHENSIVE OR DEFINITIVE. POTENTIAL PURCHASERS ARE ADVISED TO SEEK APPROPRIATE PROFESSIONAL ADVICE WITH RESPECT TO THE MATTERS DISCUSSED BELOW WHICH MAY AFFECT SUCH POTENTIAL PURCHASERS.

U.S. Internal Revenue Service (“IRS”) regulations state that only a formal opinion that meets specific requirements can be used to avoid tax penalties. Any tax advice in this communication is not intended or written to be used, and cannot be used by a taxpayer, for the

purpose of avoiding penalties that may be imposed on a taxpayer, because it does not meet the requirements of a formal opinion.

Co-Bond Counsel is not rendering any opinion as to any federal tax matters other than those described under this caption “Tax Matters.” Prospective investors, particularly those who may be subject to special rules described below, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2010 Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Series 2010 Bonds

(a) Federal Income Tax Consequences of Owning Series 2010 Bonds

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2010 Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Series 2010 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2010 Bonds. The Corporation has covenanted in the Indenture, the Corporation and the City have covenanted in the Lease Purchase Agreement, and the Corporation, the City and the Trustee have covenanted in the Series 2010 Tax Compliance Agreement to comply with the applicable requirements of the Code in order to maintain the exclusion of interest on the Series 2010 Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Corporation has made certain representations and certifications in the Indenture, the Corporation and the City have made certain representations and certifications in the Lease Purchase Agreement, and the Corporation, the City and the Trustee have made certain representations and certifications in the Series 2010 Tax Compliance Agreement. Co-Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Co-Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of the aforementioned representations and certifications of the Corporation, the City and the Trustee, interest on the Series 2010 Bonds (including any original issue discount properly allocable to any Owner thereof) is excludable from gross income for federal income tax purposes under Section 103 of the Code. Co-Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. As a result of the American Recovery and Reinvestment Act of 2009, interest on the Series 2010A Bonds will not be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes). However, interest on the Series 2010B Bonds will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations.

(b) State Taxes

Co-Bond Counsel is of the opinion that, under existing law and assuming that interest on the Series 2010 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code, interest on the Series 2010 Bonds (including any original issue discount properly allocable to any Owner thereof) is excluded from Missouri taxable income for purposes of the personal income tax and corporate income tax imposed by the State of Missouri. Co-Bond Counsel expresses no opinion as to whether interest on the Series 2010 Bonds (including any original issue discount properly allocable to any 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. All purchasers of

Series 2010 Bonds should consult with their tax advisors regarding the taxation of interest on the Series 2010 Bonds in a particular state or local jurisdiction other than the State of Missouri.

(c) Original Issue Discount

Co-Bond Counsel is of the opinion that, subject to the conditions set forth above, any original issue discount (as defined below) (“**OID**”) in the selling price of any Series 2010 Bond sold in the initial offering to the public at a price less than the par amount thereof (hereinafter referred to as the “**OID Bonds**”), to the extent properly allocable to each Owner of such Series 2010 Bond, is excluded from gross income for federal income tax purposes with respect to such Owner. Original issue discount is the excess of the stated redemption price at Maturity of an **OID Bond** over the initial offering price to the public (excluding Underwriters and intermediaries) at which price a substantial amount of the **OID Bonds** were sold. Under Section 1288 of the Code, original issue discount on the Series 2010 Bonds accrues on a compound basis. For any Owner who acquires an **OID Bond** in this offering, the amount of original issue discount that accrues during any accrual period generally equals: (1) the issue price of such **OID Bond** plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to Maturity on such **OID Bond** (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (3) any interest payable on such **OID Bond** during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the Owner’s tax basis in such **OID Bond**. Any gain realized by any Owner from a sale, exchange, payment or redemption of an **OID Bond** would be treated as gain from the sale or exchange of such **OID Bond**. Owners of **OID Bonds** should consult with their individual tax advisors to determine whether the application of the original issue discount rules and regulations for federal tax purposes require inclusion for state and local income tax purposes of an amount of interest on the **OID Bonds** as income, even though no corresponding cash interest payment is actually received during the tax year.

(d) Other Federal Tax Matters

Ownership of the Series 2010 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 2010 Bonds.

Commencing with interest paid in 2010, interest paid on tax-exempt obligations such as the Series 2010 Bonds is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. In addition, interest on the Series 2010 Bonds may be subject to backup withholding if such interest is paid to a Registered Owner that (a) fails to provide certain identifying information (such as the Registered Owner’s taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Co-Bond Counsel are not rendering any opinion as to any federal tax matters other than those described under the caption “**TAX MATTERS.**” Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2010 Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

(e) Changes in Federal Tax Law and Post Issuance Events

From time to time proposals are introduced in Congress that, if enacted into law, could have an adverse impact on the potential benefits of the exclusion from gross income for federal income tax purposes of interest on the Series 2010 Bonds, and thus on the economic value of the Series 2010 Bonds. This could result from reductions in federal income tax rates, changes in the structure of the federal income tax rates, changes in the structure of the federal income tax or its replacement with another type of tax, repeal of the exclusion of interest on the Series 2010 Bonds from gross income for such purposes, or otherwise. It is not possible to predict whether any legislation having an adverse impact on the tax treatment of Owners of the Series 2010 Bonds may be proposed or enacted.

Co-Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2010 Bonds may affect the tax status of interest on the Series 2010 Bonds. Co-Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Series 2010 Bonds, or interest thereon, if any action is taken with respect to the Series 2010 Bonds or the proceeds thereof upon the advice or approval of other counsel.

FINANCIAL ADVISOR

Public Financial Management, Inc., Philadelphia, Pennsylvania (the “**Financial Advisor**”), has been retained to render certain professional services to the City. The Financial Advisor has provided advice on the plan of financing and structure of the Series 2010 Bonds and has assisted in the preparation of this Official Statement. The information set forth herein has been obtained from the Corporation, the City, the CVC and other sources which are believed to be reliable. The Financial 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.

INVESTMENT ADVISOR

Columbia Capital Management LLC (“**Columbia Capital**”) serves as an investment advisor to the Treasurer of the City. Columbia Capital assisted in the planning, investment and allocation of certain accounts authorized by the Indenture. Columbia Capital also provided other advice related to the investment of proceeds of the Bonds and funds invested in connection therewith. Columbia Capital has not participated in the preparation, drafting or review of this Official Statement.

UNDERWRITING

General

Barclays Capital Inc. and the other underwriters listed on the cover of this Official Statement (collectively, the “**Underwriters**”) have agreed to purchase the Series 2010 Bonds from the Corporation at an aggregate purchase price of \$32,848,040.90 (which represents the initial principal amount of the Series 2010 Bonds of \$33,254,003.20, less an aggregate Underwriters’ discount of \$405,962.30), pursuant to a Bond Purchase Agreement among the Corporation, the City and Barclays Capital Inc., as representative of the Underwriters (the “**Bond Purchase Agreement**”). The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2010 Bonds if any are purchased.

The Series 2010 Bonds are being purchased by the Underwriters from the Corporation for resale in the normal course of the Underwriters’ business activities. The Underwriters reserve the right to offer

any of the Series 2010 Bonds to one or more purchasers on such terms and conditions and at such price or prices as the Underwriters determine.

Global Plan of Distribution

The Series 2010 Bonds are offered by the Underwriters for sale in those jurisdictions in the United States, Europe, Asia, and elsewhere where it is lawful to make such offers. Each Underwriter has undertaken that it will not offer, sell, or deliver, directly or indirectly, any of the Series 2010 Bonds or distribute this Official Statement or any other material relating to the Series 2010 Bonds in or from any jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with the applicable laws and regulations thereof and not impose any obligations on the City or the Corporation except as contained in the Bond Purchase Agreement among the City, the Corporation and the Underwriters. Persons who receive this Official Statement are required to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell, or deliver the Series 2010 Bonds or have in their possession, distribute, or publish any offering material relating to the Series 2010 Bonds in all cases at their own expense.

Distribution Agreements

Loop Capital Markets, LLC, one of the Underwriters, has entered into an agreement (the “**Distribution Agreement**”) with UBS Financial Services Inc. for the retail distribution of certain municipal securities offerings at the original issue prices. Pursuant to the Distribution Agreement, Loop Capital Markets, LLC will share a portion of its underwriting compensation with respect to the Bonds with UBS Financial Services Inc.

TRUSTEE

The Bank of New York Mellon Trust Company, N.A. is serving as Trustee with respect to the trusts imposed upon it by the Indenture.

CERTAIN RELATIONSHIPS

Armstrong Teasdale LLP and Saulsbury & Associates, LLC are serving as Co-Bond Counsel with respect to the issuance of the Series 2010 Bonds, and each firm also represents the City, certain of the Underwriters and the Trustee from time to time on other transactions or matters. The Stolar Partnership LLP and Worsham N. Caldwell, Jr. & Associates, LLC, are serving as co-counsel to the Underwriters in connection with the issuance of the Series 2010 Bonds, and each firm also represents the City from time to time on other transactions or matters.

CONTINUING DISCLOSURE

All references herein to the Continuing Disclosure Agreement are qualified in their entirety by reference to such document. The definitive form of the Continuing Disclosure Agreement may be reviewed prior to the delivery of the Series 2010 Bonds at the offices of the City’s Comptroller, Room 212, City Hall, 1200 Market Street, St. Louis Missouri 63103, and following delivery of the Series 2010 Bonds at the office of the Trustee, The Bank of New York Mellon Trust Company, N.A., 911 Washington Avenue, Suite 300, St. Louis, Missouri 63101, 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.

Pursuant to the Continuing Disclosure Agreement, the City has covenanted for the benefit of Holders and Beneficial Owners of the Series 2010 Bonds to provide (i) certain financial information and

operating data relating to the City and the Corporation by not later than 210 days following the end of the City's Fiscal Year (which currently ends on June 30 of each year) (the "**Annual Report**"), commencing with the report for the 2010 Fiscal Year, and (ii) notice of the occurrence of certain enumerated events, if material. The Annual Report and Notices of Mutual Events will be filed electronically in the Electronic Municipal Market Access ("**EMMA**") system established by the Municipal Securities Rulemaking Board. EMMA is a website that provides free information about individual municipal securities and provides a central and accessible location where investors can obtain municipal bond information. EMMA provides free public access to continuing disclosure documents filed by issuers. The EMMA website is at www.emma.msrb.org.

In the event of a failure of the City or The Bank of New York Mellon Trust Company, N.A., acting in its capacity as dissemination agent designated in writing by the City (the "**Dissemination Agent**") to comply with any provision of the Continuing Disclosure Agreement, the Trustee may (and, at the request of any Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Series 2010 Bonds, shall), or any Owner or Beneficial Owner of Series 2010 Bonds may take such actions 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 the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under the Continuing Disclosure Agreement in the event of any failure of the City or the Dissemination Agent to comply with the Continuing Disclosure Agreement shall be an action to compel performance. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "**Rule**").

The City has never failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of material events.

The Annual Report will contain or include by reference:

(1) The audited financial statements of the City for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report will contain unaudited financial statements and the audited financial statements will be filed in the same manner as the Annual Report when they become available.

(2) 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 final Official Statement in tables under the sections captioned:

(a) "**ECONOMIC AND DEMOGRAPHIC DATA: Population Statistics,**" "**Employment,**" "**Major Taxpayers,**" "**Building and Construction Data,**" "**Sports Related Economic Development,**" "**Business Development,**" and "**Development Overall;**"

(b) "**EMPLOYEES AND EMPLOYEE RELATIONS,**" and

(c) "**RETIREMENT SYSTEMS.**"

(3) Certain statistical and operating data of the City updated for the prior Fiscal Year in substantially the scope and form contained in the final Official Statement in tables under the section captioned “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2010 BONDS.**”

In addition, the City will give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2010 Bonds, if material (each a “**Material Event**”):

1. principal and interest payment delinquencies;
2. non-payment related defaults;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions or events affecting the tax-exempt status of the security;
7. modifications of the rights of security holders;
8. optional, contingent or unscheduled bond calls;
9. defeasances;
10. release, substitution or sale of property securing repayment of the Series 2010 Bonds; or
11. rating changes.

If the Dissemination Agent has been instructed by the City to report the occurrence of a Material Event, the Dissemination Agent shall promptly file an electronic notice of such occurrence with EMMA with a copy to the City, the Underwriter and the Trustee, if the Trustee is not the Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Continuing Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent for the Series 2010 Bonds shall be The Bank of New York Mellon Trust Company, N.A. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to the Continuing Disclosure Agreement. Notwithstanding any other provision of the Continuing Disclosure Agreement, the City and the Dissemination Agent may amend the Continuing Disclosure Agreement (and the approval of such Amendment by the Dissemination Agent shall not be unreasonably withheld) and any provisions of the Continuing Disclosure Agreement may be waived, provided Co-Bond Counsel or other counsel experienced in federal securities law matters provides the Dissemination Agent and the City with its opinion that the undertaking of the City, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to the Continuing Disclosure Agreement.

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 2010 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 2010 Bonds, have been approved and authorized by the Corporation and the City.

ST. LOUIS MUNICIPAL FINANCE CORPORATION

By: *Jay Neyland-Pinkston*
President

THE CITY OF ST. LOUIS, MISSOURI

By: *Francis S. Moy*
Mayor

By: *Harlene Green*
Comptroller

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APPENDIX A
INFORMATION REGARDING THE CITY OF ST. LOUIS

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**APPENDIX A
INFORMATION REGARDING THE CITY OF ST. LOUIS**

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APPENDIX A

INFORMATION REGARDING THE CITY OF ST. LOUIS

The information contained in this Appendix relates to and has been obtained from The City of St. Louis, Missouri (the “City”). 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, 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 of Missouri.

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 the Mayor’s 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 City 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 is comprised of 28 Aldermen and a President. One Alderman is elected from each of the City’s 28 wards to serve a four-year term. Half of the City’s wards alternately elect Aldermen bi-annually. The President of the Board of Aldermen is elected at large to serve a four-year term.

The Board of Aldermen may adopt bills or ordinances which 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 is comprised 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, Treasurer, Collector of Revenue, License Collector, Circuit Clerk, Circuit Attorney, Recorder of Deeds and Public Administrator of the City are elected independently for four-year terms. Appointments of certain officials, including the members of the Board of Police Commissioners (the “Police Board”) and the Board of Election Commissioners, are made by the Governor of the State of Missouri.

MUNICIPAL SERVICES

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 and Sewer/Transportation

The City operates a water utility and Lambert-St. Louis International Airport (“Lambert Airport”), both of which are self-supporting enterprises. All of the Lambert Airport facilities and portions of the water utility facilities are located in St. Louis County, Missouri (“St. Louis County”) on property owned by the City. Sewage and drainage facilities in the City and in adjacent St. Louis County are operated by The Metropolitan St. Louis Sewer District, a separate taxing authority established under Section 30 of Article VI of the Constitution of Missouri and financed by user fees. Public transportation facilities for the City and much of the surrounding metropolitan area are operated by the Bi-State Development Agency of the Missouri-Illinois Metropolitan District (“Metro”), which has been doing business under the name of “Metro” since February 1, 2003. For additional information on Metro, see “Local Governmental Commissions and Agencies” herein.

Fire Protection

The Fire Department of the City of St. Louis provides fire protection throughout the corporate limits of the City as well as to Lambert Airport. Services to the City are provided from 30 fire stations currently staffed by approximately six hundred thirty-one full-time firefighters. An estimated seventy-nine full-time firefighters serve Lambert Airport.

Education

The public elementary, middle, and high school systems, and other educational programs within the City are operated under the administration and control of The School District of the City of St. Louis (the “School District”). The Junior College District of St. Louis and St. Louis County (the “Junior College District”) operates a community college district serving the City, St. Louis County, and portions of the Missouri counties of Franklin and Jefferson. The School District and the Junior College District are independent of the City and have their own elected or appointed officials, budgets and administrators. Both the School District and the Junior College District are empowered to levy taxes, separate and distinct from those levied by the City, which, together with federal and state grants, are sufficient to

finance the operations of the respective public school system within its jurisdiction. The School District has historically been operated by the St. Louis Board of Education (the “School Board”).

Under state law, the State Board of Education (the “State Board”) has the authority to accredit public school districts and the authority to intervene in the governance thereof through the creation of a “transitional school district.” State law also authorizes the creation of a three-person governing board to replace the School Board with the Missouri Governor, the Mayor of St. Louis, and the President of the Board of Aldermen each appointing one person to such governing board. Upon the recommendation of the Department of Elementary and Secondary Education, the State Board removed the accreditation of the School District effective June 15, 2007. As a result, The Special Administrative Board of the Transitional School District of the City of St. Louis (the “Special Board”) was created. The School Board appealed the State Board’s decision to the Cole County Circuit Court. On January 23, 2008, the Cole County Circuit Court entered its final judgment and order upholding the State Board’s decision and denied multiple constitutional and other challenges to the section of State law under which the State Board transferred control of the School District to the Special Board. The School Board appealed the Cole County Circuit Court’s decision to the Supreme Court of Missouri. On December 16, 2008, the Supreme Court of Missouri affirmed the Cole County Circuit Court’s decision.

Medical

Historically, the City has provided health care services for indigent citizens of the City at public clinics and hospitals. However, the City has now entered into a contract with a private third party to provide such services. Saint Louis ConnectCare, Inc. (“ConnectCare”) was formed as a nonprofit corporation in 1997 to provide health care services for indigent citizens of the City. A portion of local use tax revenues are earmarked for providing health care services. Pursuant to annual agreements between the City and ConnectCare adopted each fiscal year of the City, which begins on July 1 (the “Fiscal Year”), the City has contributed \$5 million annually for health services.

Local Governmental Commissions and Agencies

There are a number of significant governmental authorities and commissions that provide services within the City. The authorities and commissions are detailed below:

Police

The Police Department of the City of St. Louis is directed by the Police Board which consists of the Mayor of the City, *ex-officio*, and four members appointed by the Governor with the advice and consent of the State Senate. The Police Board’s duties and powers include the power to administer oaths, summon witnesses and establish a police force. The holidays, vacations, pensions and other employment benefits of the police force are set by State statute. The Police Board proposes levels of employment and salaries of the police force with the approval of the City and provides itself with offices, office furniture, clerks and other staff as needed. On the last day of February each year, the Police Board must certify in writing an estimate of the amount of money necessary to carry out its duties during the next Fiscal Year. The State statute provides that the City must appropriate the certified amount in the General Revenue Fund budget for that year. However, in *State ex. rel Sayad v. Zych*, 642 S.W.2d 907 (Mo. banc 1982), the Supreme Court of Missouri held that the City need only appropriate an amount equal to the amount appropriated in the 1980-1981 Fiscal Year, the year in which voters approved an amendment to the State Constitution limiting governmental tax and spending powers. After an appropriation has been made for a particular Fiscal Year, the Police Board is not permitted to transfer appropriated funds from one line item of such appropriation to any other line item without the approval of the Board of Estimate and Apportionment.

Transit

Metro is a body corporate and politic established by a compact between the states of Missouri and Illinois and approved by an Act of Congress. Metro owns and operates the St. Louis Metropolitan region's public transportation system. The Metro system includes MetroLink, the region's light rail system; Metrobus, the region's bus system; and Metro Call-A-Ride, a paratransit van system. Metro also oversees the operations of the St. Louis Downtown Airport and surrounding industrial business park, the Gateway Arch Revenue Collections Center, the Gateway Arch Transportation System, the Gateway Arch Riverboats, and the Gateway Arch Parking Facility. Metro has authority to issue bonds payable out of revenues collected for the use of facilities it leases, owns or operates in the City, St. Louis County and certain Illinois counties within the St. Louis Metropolitan Area.

The original MetroLink system commenced operations in late 1993 and was extended to Lambert Airport in 1994. The first phase of the MetroLink extension to St. Clair County, Illinois, extending the system to Southwestern Illinois College (formerly known as Belleville Area College), was completed in 2001, and the second phase, extending the system to Shiloh, Illinois and the Scott Air Force Base, was completed in 2003. This extension to St. Clair County was funded by State of Illinois grants and local funding from St. Clair County through a special ½ cent sales tax authorized by the State of Illinois. The City conveyed title to the McArthur Bridge, which crosses the Mississippi River, to Metro to be used in the MetroLink system in exchange for the older Eads Bridge, which also crosses the Mississippi River and which was formerly used by a railroad. Other capital costs were federally financed. The deck of the Eads Bridge was refurbished and reopened in July 2003. The Cross County MetroLink extension was completed in August 2006. This project was locally funded through the current and the future revenues of the ¼ cent sales tax. The MetroLink system is now approximately 46 miles long with 37 passenger stations.

Currently there is a special ½ cent sales tax authorized by the State of Missouri, and assessed by the City and St. Louis County, that is primarily used to pay a portion of the costs of the Metrobus system. In August 1994, an additional ¼ cent sales tax was approved by the voters for the expansion of the MetroLink system. If the MetroLink system should operate at a deficit, the City and other nearby jurisdictions may be asked to increase their funding to Metro. Due to the defeat of a sales tax increase by the voters of St. Louis County in November, 2008, Metro was forced to eliminate certain routes serving portions of St. Louis County. Metro recently received a one-time appropriation from the State of Missouri to support partial service restoration for approximately ten months, and a federal grant for each of two years requiring a percentage of local matching funds, that will partially support five Metrobus routes. Metro's partial service restoration plan is designed to restore the most needed transit service throughout the St. Louis Region. The City presently has no legal obligation to increase its level of funding to Metro.

Development

The St. Louis Development Corporation (the "SLDC") is a nonprofit corporation which provides technical assistance, staff and support services to public or civic bodies engaged in improving economic opportunities in the City. The SLDC functions as an umbrella entity for numerous agencies and authorities with a broad variety of functions and powers for the City. There are approximately 75 staff members who work under several divisions, including executive, real estate, business development, commercial development, planning, urban design, neighborhood housing, research, communications, legal, finance and administration. The agencies served by the staff of the SLDC include: Land Clearance for Redevelopment Authority; Planned Industrial Expansion Authority; Land Reutilization Authority; Local Development Company ; The Industrial Development Authority of the City of St. Louis, Missouri; (the "IDA"); Port Authority; Tax Increment Financing Commission; Downtown Economic Stimulus Authority; and Operation Impact. 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

Other public bodies and agencies operating in the City include, but are not limited to, the St. Louis Housing Authority, the Regional Convention and Visitors Commission (the “CVC discussed further herein), the Regional Chamber and Growth Association, the East-West Gateway Coordinating Council, the Regional Convention and Sports Complex Authority and The Partnership For Downtown St. Louis.

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, Warren and Washington 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.

In the five decades between 1950 and 2000, population in the counties surrounding the City grew while the City’s population declined by 500,000, or more than 60%. According to Census Bureau, however, the City’s population trend has reversed and since 2003 the City’s population has experienced growth. At the time of the 2000 census, the City’s population was 348,189, down from a high of more than 850,000 in 1950. The Census Bureau’s estimate of the City’s population for 2008 is 354,361..

A 2008 study by marketing firm Lesser & Co. found that 77% of Americans born after 1981 want to live in an “urban core”. This bodes well for the City’s future population growth.

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

<u>Calendar Year</u>	<u>City of St. Louis</u>	<u>Metropolitan Area</u>
2002	347,252	2,736,733
2003	348,039	2,750,114
2004	350,705	2,766,043
2005	352,572	2,782,411
2006	353,837	2,796,368
2007	355,663	2,803,707
2008	354,361	N/A

Source: U.S. Bureau of Census and Missouri Department of Economic Development.

Estimates of population since 2000 have been challenged by the City because the Census Bureau has used an Administrative Records methodology (births, deaths, domestic migration and international migration) which treats the City as a county. The City has challenged lower Census Bureau estimates by using the Census Bureau’s Housing Unit methodology (net increase in units times the occupancy rate and

household size as of 2000), which the Census Bureau uses for all cities that are not also counties. Upon receipt of the City's challenges, the Census Bureau adjusted the estimates upwards to the figures shown in the table above. The new estimates are now reflected in the Census Bureau's records and website.

Industry

There are approximately 90,000 employees working in downtown St. Louis. The downtown area is the office center in a region of approximately 2.8 million residents with more than 11 million square feet of Class A and B office space and is home to approximately 1,700 businesses. The St. Louis region ties as the nation's sixth largest corporate headquarters market, with eight Fortune 500 corporations located in the St. Louis Metropolitan Area in 2008. Thirteen additional St. Louis companies ranked between 501 and 1,000 on the Fortune 1000 list.

In the fifty years between 1950 and 2000, the City's economy was badly damaged by an exodus of manufacturing jobs to the suburbs. As a result, the City's economy was reshaped and now relies heavily on life sciences and medical employment, entertainment, and professional firms. The remaining manufacturers are focused on the production of "staples". For example, Dial and Procter & Gamble both produce goods that are expected to be relatively unaffected by the recession—soaps, bleaches, and detergents for household use. Both of these firms are undergoing expansion on the City's north riverfront. In addition to expansion of existing businesses, an influx of creative and other professional firms, both downtown and in other parts of the City, and an expansion of the City's hospitality and entertainment industry has contributed to job growth in the City. Much of this growth has been made possible by the use of City incentives and by the availability of Missouri incentives, in particular the Missouri Historic Tax Credit.

The Anheuser Busch/InBev merger was consummated at the end of 2008 and Anheuser Busch has become a wholly-owned subsidiary of InBev. The City is now home to the new Anheuser Busch/InBev headquarters for the North American region and remains the global home of the flagship Budweiser brand. The Anheuser Busch/InBev merger has resulted in a variety of changes, most notably the loss of a world headquarters. However, as Anheuser Busch/InBev has consolidated and reduced its workforce in the St. Louis region remaining jobs have been moved from leased suburban office space to Anheuser Busch/InBev's North American headquarters in the City's Soulard neighborhood.

Also of note, Wachovia purchased the former A. G. Edwards brokerage firm in 2008, intending to make St. Louis the headquarters for Wachovia Securities. Shortly after the purchase was finalized Wells Fargo purchased Wachovia. The City expects that Wells Fargo will honor Wachovia's commitment to retain a minimum of 4,500 workers in the City .

Tourism

The Regional Convention and Visitor's Commission, often referred to as the Convention & Visitors Commission (the "CVC"), is a political subdivision of the State of Missouri and is the sales and marketing organization responsible for the promoting the City as a convention, meeting and leisure travel destination. The CVC is also responsible for the management and operation of the Convention Center complex. The CVC has a total of 148 full-time employees and 691 part-time employees. Included in these numbers are 91 full-time employees and 660 part-time employees at the Convention Center facilities. A recent economic impact study has calculated that approximately 59,000 jobs throughout the State are associated with operations and activities related to the CVC and Convention Center, approximately 24,400 of which are in the City.

According to the CVC, the City ranks among the top 25 markets nationally for hotel room inventory. Each year an estimated 20.3 million people visit St. Louis for conventions, meetings, and other business and leisure travel. Those visitors spend an estimated \$3.5 billion in the area on lodging, meals, sightseeing, local transportation, shopping, admissions and a variety of goods and services.

In July, 2009, the new Cardinals ballpark hosted Major League Baseball's All-Star Game. This event generated significant revenue which will be reported in the City's annual financial statement for FY2010.

In March and April of 2009, production took place in the City for a major motion picture film. This activity also resulted in a boost to the City's economy and the City hopes that the success of that film will lead to the attraction of additional film productions. The hospitality industry in St. Louis employs approximately 75,000 area residents. Downtown St. Louis has 23 hotels within a mile of the convention complex known as the America's Center ("America's Center"). These hotels offer more than 7,800 sleeping rooms, an increase of more than 2,400 downtown rooms in the past four years.

In early 2008, the region's first Four Seasons Hotel, a 200 guest room and suite hotel, opened on Laclede's Landing in downtown St. Louis and the former Embassy Suites adjacent to Lumiere Place was converted to Hotel Lumiere. In 2008 a new Drury Hotel on I-44 at the western edge of the City also opened.

Some of the newest hotels are a result of renovations of historic structures. Most recently, Hotel Indigo, a boutique hotel developed by the Roberts Companies opened in the Central West End in December, 2008. Other recently opened, renovated hotels in the downtown area include the Renaissance Grand and the Renaissance Suites, the Hilton, the Sheraton City Center, the Drury Plaza and the Westin. Other existing hotel properties, including the St. Louis Riverfront Hyatt Regency (formerly the Adam's Mark), St. Louis Union Station Hyatt Regency, Millennium, Roberts Mayfair and others, have undertaken extensive renovations. The former Marriott Pavilion hotel has been converted to a Hilton following extensive renovations. In addition, a new Marriott Residence Inn opened in late 2005 on the western edge of downtown, and a new Hampton Inn opened in May 2005 at the Highlands across from Forest Park. In April 2009 developer Joe Edwards completed the Moonrise Hotel, a newly constructed boutique hotel in the Delmar Loop area, west of downtown.

A new Embassy Suites is included in the renovation plan for the former Dillard's Building immediately east of America's Center. The former Adams Mark is now a Hyatt Regency and is undergoing \$60 million in renovations. A \$50 million conversion of the former Hyatt at Union Station to a Marriott is poised to start.

In FY2009, 168 events took place in America's Center. During the same period the CVC booked 380,959 room nights for future events, which is a decrease from prior year's bookings due to the economic downturn and the resulting impact on travel. These room nights do not include leisure travel hotel rooms. For FY2010 the CVC has booked 260,268 room nights as of December 31, 2009 and is on pace to meet their fiscal goal of 520,000 room nights.

Transportation

The City ranks as the second largest inland port in the United States handling more than 33 million tons of freight each year. The SLDC is working with the Army Corps of Engineers (the "Corps of Engineers") and the U. S. Economic Development Administration to expand the capacity and versatility of the City's Municipal Docks on the north riverfront. The existing leases on these docks expire in 2011. Phase I of this initiative is the repair and modernization of the two existing docks. Phase II involves

connecting these docks to provide a much larger contiguous freight transfer area. Both of these phases will provide the docks with the capacity to handle international shipping containers. Today this capacity does not exist anywhere in the St. Louis region.

Approximately 273,000 commercial aircraft operations (arrivals and departures) were performed at Lambert Airport in 2007 and approximately 15.4 million passengers enplaned and deplaned in such year—a 1.2% increase over 2006—although the number of such passengers dropped approximately 6% in 2008 to approximately 14.4 million. This drop in passenger enplanements and deplanements is believed to be a function of the national recession affecting the economy of the region. Lambert Airport has 83 gates serving 10 major airlines. American Airlines is Lambert Airport’s primary carrier although Southwest Airline’s traffic at Lambert Airport is significant. In 2007, Lambert Airport embarked on major renovations and upgrades to the main terminal and concourses for the purpose of improving Lambert Airport’s appeal to passengers of all types. These renovations are now underway.

Employment

The Metropolitan Area and the City are major industrial centers in the Eastern Missouri and Southwestern Illinois, with a broad range of manufacturing enterprises. According to information provided by the U.S. Department of Labor, the November 2009 data shows that manufacturing jobs represented 8.9% or 117,300 of the total 1,320,300 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.

The following table reflects the City’s annual average employment by industry group for 2009.

**CITY EMPLOYMENT BY INDUSTRY GROUP
(TOTAL NON-FARM)**

<u>Industry Group</u>	<u>Employees</u>	<u>Percentage</u>
Services	54,318	29.03%
Government	34,076	18.21%
Manufacturing	20,748	11.09%
Finance Activities	11,540	6.17%
Trade, Transportation and Utilities	23,809	12.73%
Leisure and Hospitality	23,288	12.45%
Information	5,007	2.68%
Natural Resources, Mining & Construction	<u>14,294</u>	<u>7.64%</u>
Total	187,080	100.00%

Source: Missouri Department of Economic Development.

There were 187,080 non-farm jobs within the City in 2009, representing 14.1% of the region’s job base. Job growth in the City has been concentrated in the service sector, and the City anticipates strong, long-term employment growth in the areas of medical, business and recreational services, as well as in education, and the tourism and convention business.

Employment Information

The following table shows employment information and unemployment rates for City, state and U.S. residents in the calendar years below, except as otherwise indicated.

	Average Nov 2009	Average 2008	Average 2007	Average 2006	Average 2005
Labor Force	153,240	156,950	156,007	158,275	160,920
Number Employed	136,341	144,444	145,091	147,428	147,825
% City Unemployed	11.00%	8.0%	7.0%	6.9%	8.1%
% State Unemployed	9.20%	6.0%	5.0%	4.8%	5.4%
% U.S. Unemployed	9.40%	5.7%	4.6%	4.6%	5.1%

Source: Missouri Department of Economic Development.

Major Taxpayers

The following table lists the top 20 employers in the City based on the average of the fourth quarter payroll tax reports of 2008.

TOP 20 EMPLOYERS BY NUMBER OF EMPLOYEES CALENDAR YEAR 2008

<u>Name</u>	<u>Employees</u>
BJC Health System	15,864
Washington University	13,538
St. Louis University	9,603
City of St. Louis	9,272
St. Louis Board of Education	5,477
State of Missouri	4,912
Anheuser Busch/InBev ¹	4,718
AT&T Services	4,609
U. S. Postal Service	4,560
National Finance Center*	4,460
Defense Finance & Acct Svs*	3,852
St. Louis Children's Hospital	3,336
St. Louis County Government	3,263
Wells Fargo ²	2,840
Ameren Corporation	2,736
Veterans Administration	2,654
Schnucks Markets Inc.	2,497
Bi State Development Agency	2,344
St. Louis Junior College District	2,308
Casino One Corp	2,198

¹ Anheuser-Busch was purchased by InBev at the end of calendar year 2008.

²A.G. Edwards & Sons, Inc. was acquired by Wachovia Corp. in October 2007. Wachovia was subsequently acquired by Wells Fargo and Wells Fargo's headquarters remains in the City of St. Louis.

Source: City Collector of Revenue.

*Federal payroll agency.

Source: City Collector of Revenue.

The following tables list the 20 largest payers of earnings, payroll, real property and personal property taxes combined to the Collector of Revenue for calendar year 2008.

**TOP 20 TAXPAYERS
CALENDAR YEAR 2008**

<u>Company Name</u>	<u>Amount Paid</u>
Anheuser Busch/InBev ¹	\$14,779,455
Wells Fargo ²	10,565,721
Ameren Corporation	9,512,008
AT&T	8,951,292
Casino One Corporation	6,933,279
Washington University	5,924,549
MB St. Louis Chestnut (900 Pine)	5,369,884
BJC Health System	4,418,306
Nestle Purina Petcare	4,355,336
U.S. Bank National Association	3,650,759
Tenet Health Sys SL Inc.	3,388,459
The City of St. Louis, Missouri	3,374,206
Laclede Gas Company	3,360,472
Sigma Aldrich Co.	2,997,520
St. Louis University	2,819,597
UGP Kiener/Stadium Parking	2,421,172
Defense Finance & Acct	2,308,736
Hertz/ 10 S. Broadway LLC	2,291,097
First States Investors	2,228,856
Metropolitan Square & East 10 th St LLC	2,150,639

¹Anheuser-Busch was purchased by InBev at the end of calendar year 2008

²A.G. Edwards & Sons, Inc. was acquired by Wachovia Corp. in October 2007. Wachovia was subsequently acquired by Wells Fargo and Wells Fargo's headquarters remains in the City of St. Louis.

Source: City Collector of Revenue.

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 the calendar years 2004 through 2008.

<u>Calendar Year</u>	<u>Value of New Housing</u>	<u>Value of Rehabilitation Units</u>	<u>Value of Commercial, Industrial or other Non-Housing</u>	<u>Total Number of Permits</u>	<u>Total Value</u>
2004	\$ 41,002,001	\$104,936,144	\$526,140,457	6,069	\$672,078,602
2005	155,865,516	193,213,943	306,599,451	7,050	655,678,910
2006	67,285,849	137,618,669	664,198,597	6,341	869,103,115
2007	77,677,613	191,705,223	332,808,347	5,476	602,191,183
2008	80,113,004	36,531,184	411,480,366	5,192	528,124,554

Source: City Building Division.

Sports Related Economic Development

The City is home to three major professional sports teams, the St. Louis Rams, the St. Louis Blues and the St. Louis Cardinals. The three teams make significant contributions 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 three teams also generate positive national media attention for the City. St. Louis is regarded by many as America's best sports city, because of the quality of its teams and the excellence of its fan base. The St. Louis Post Dispatch newspaper announced on February 11, 2010 that a Midwestern business-man and long time Rams fan has signed an agreement to purchase a controlling interest in the team. The potential sale is under review by the National Football League (NFL). The current owners, the potential purchaser, as well as the NFL have expressed a desire that the team remain in St. Louis.

St. Louis also has recently achieved great success as an outstanding host city for sports events. In 2009 the City hosted the Women's NCAA Final Four and generated significant economic impact and positive media recognition. St. Louis again hosted the NCAA Wrestling Championships at the Scottrade Center for the fourth time in the past five years.

The new ballpark, Busch Stadium, opened in April 2006 and attendance has exceeded 3.4 million per season since that time with approximately 40% of the attendees coming to the City from outside the St. Louis region. The new Busch ballpark holds more than 46,000 baseball fans and in 2008 had the fourth highest attendance in major league baseball. The new Busch Stadium hosted the 2009 Major League Baseball All-Star Game in July 2009.

The former Busch Stadium has been demolished, setting the stage for the new stadium and the development of Ballpark Village, a six-block, mixed-use complex that will occupy the northern half of the site of the old stadium. The Cardinals have teamed with the Cordish Company, a developer with extensive national experience in the development of mixed-use entertainment districts, for the development of the Ballpark Village. Although the schedule for the development has been set back due to difficulties in the bond markets over the past twelve months, the City and the developers are moving forward with the necessary approval processes so that when the bond markets improve construction may commence.

Business Development

The Business Development Division of the SLDC administers a variety of loans working in conjunction with the Local Development Corporation, the Small Business Administration and the Federal Economic Development Administration. In addition, the 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. In 2005 the City's Planning Commission adopted the City's first city-wide land use plan since 1947. In addition, the SLDC applied for and received from the U.S. Department of Treasury a \$52 million allocation of New Markets Tax Credits that have now been allocated to a variety of organizations for business and real estate development in the City. In 2008 the SLDC received an additional \$45 million allocation of New Markets Tax Credits and in 2009 received \$65 million.

The City has completed and is embarking on a variety of public and civic improvement initiatives designed to make downtown and other parts of the City even more attractive to residents, workers and

visitors. While some of these initiatives involve public incentives, others are entirely privately funded. The new \$30 million City Garden, an innovative and attractive new public space featuring world class sculpture in the Gateway Mall, was designed and funded entirely by the Gateway Foundation and its construction was completed in July, 2009. The Gateway Foundation also provided funding for a plan for the entire Gateway Mall which is an 18-block green space that runs through the center of downtown. Private fundraising efforts are underway to implement plans for other Gateway Mall blocks. The renovation of Old Post Office Plaza, a \$9 million new public space immediately north of the Old Post Office and one block south of America's Center, was completed in March, 2009. The City and the National Park Service continue to work together to explore ways in which the riverfront can become an even better center for recreational activities for residents, workers and visitors. The Park Service is now actively engaged in the preparation of a master plan for the park Jefferson Memorial Expansion project and adjacent rights-of-way.

Financing plans for a new Mississippi River bridge immediately north of downtown have been finalized. The Missouri Department of Transportation ("MoDOT") is in the process of completing the bridge design and construction is expected to commence in 2010. This bridge will improve access to downtown and northside neighborhoods from Illinois. Approximately 30% of downtown's workforce lives in Illinois on the east side of the region.

In November of 2008, the Gateway Multimodal Transportation Center was completed as a new home for Amtrak and Greyhound and the complex includes a Metrolink stop and Metrobus service. Additionally, the Federal Government has allocated \$1.133 billion to Missouri and Illinois to fund a high-speed intercity passenger rail program for Chicago, St. Louis and Kansas City. Ultimately, the long-term vision for the program is to reach speeds of 110 mph from Chicago to St. Louis and St. Louis to Kansas City, with up to eight daily round trips between Chicago and St. Louis City.

In January 2008 MoDOT commenced the \$535 million, 2-year reconstruction of a segment of I-64 from Spoede Road in St. Louis County to a point in the City west of downtown. The I-64 construction project is now complete and I-64 now accommodates traffic through the City in an attractive and efficient manner. Reconstruction of the Jefferson Avenue Viaduct was completed in December 2009. The completion of this I-64 reconstruction project will eliminate the need for major additional construction in this stretch of highway for years to come and will enhance both the efficiency and attractiveness of this entranceway into the City. Now that the I-64 construction is complete, reconstruction of the Grand Avenue Viaduct will commence. This development is benefiting from new American Recovery and Reinvestment Act ("ARRA") funding which will pay for the reconstruction of the MetroLink transit stop under the viaduct.

Great Rivers Greenway has continued to expand its network of greenways within the City and provide additional opportunities for recreation and travel to work. More downtown workers are now using bicycles to access their workplaces.

American Recovery and Reinvestment Act and the City of St. Louis

In February of 2009 President Obama and the United States Congress enacted the ARRA, a special appropriations and tax bill designed to stimulate economic recovery throughout the United States. The City will benefit from ARRA in a number of respects.

First, ARRA has made available approximately \$40 million in federal transportation funding which will benefit the City. Approximately half of this amount (\$20 million) will be made available through the regional council of governments and half (\$20 million) will be made available through MoDOT for fifteen important City transportation infrastructure projects. One significant advantage to

this funding is that it does not require a local match. As a result of ARRA, the City will be able to complete construction and reopen the Tucker Viaduct to traffic, which is a major arterial that links downtown to the City's northside and which will soon become the major downtown access route from the new Mississippi River Bridge.

ARRA funding will also improve the segment of Grand Avenue that serves the City's major ethnic business district as a part of East-West Gateway's "Great Streets" initiative. In addition, ARRA will fund improvements to Carrie Avenue that will open a large segment of the north riverfront for warehouse and industrial development. ARRA will also fund streetscape improvements along Sarah Avenue and South Broadway that will support two major residential initiatives now in predevelopment. ARRA will make additional major bridge, paving and traffic signal work possible at no cost to the City. Transportation funding will also benefit the port improvement project discussed above. ARRA funding of improvements on Memorial Drive between the Gateway Arch and the remainder of downtown will improve the appearance and accessibility of this important connection until the planned major reconstruction can take place. Bids have now been received for all the City's ARRA transportation projects and work is expected to commence in the next sixty days; all the bids were within budget.

ARRA also implements the Energy Block Grant program, from which the City will receive a new entitlement allocation of \$3.7 million. The City plans to use these funds for capital improvements that will reduce energy usage and energy costs in City-owned facilities, and to test innovative forms of street lighting and electrical generation that will also reduce energy consumption and cost.

Through the Corps of Engineers ARRA funding, the City's floodwall and levee are expected to receive additional improvements that will further enable the flood protection system to withstand major floods. The Corps of Engineers continues to secure non-ARRA appropriations to make the originally contemplated improvements.

Development Overall

Between July, 2001 and December, 2008 nearly \$5 billion in construction has been completed in the City. This construction includes \$1.2 billion in residential construction, \$2.3 billion in commercial and mixed-use construction, and \$1.4 billion in institutional construction. Over this same time period, construction activity has generated significant revenues for the City, including more than \$44 million in building permit fees, and is estimated to have generated nearly \$30 million in construction worker earnings and related payroll taxes. The sizeable volume of visible construction activity in the City has led an ever-increasing number of businesses and individuals to believe that the City has a positive future.

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. This 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.

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

Capital Project Fund—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 funds types).

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

Internal Service Funds—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—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 Alderman.

The Board of Estimate and Apportionment must submit its proposed budget to the Board of Aldermen no less than 60 days prior to July 1, the beginning of each Fiscal Year. 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 unless specifically approved by the Board of Estimate and Apportionment. Also 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 timely submit its proposed budget or tax rate to the Board of Aldermen 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 fail to 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 for which the money is not lawfully applicable. The Board of Estimate and Apportionment may from time to time appropriate any accruing unappropriated 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.

Financing Controls

During recent years the City has implemented significant measures to upgrade its financial reporting systems. This was done 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 2008 was awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association ("GFOA"). This was the twenty-second consecutive year the City has received this prestigious award. The Certificate of Achievement is awarded to recognize governmental units which publish 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 Budget Division City for its annual budget for the Fiscal Year beginning July 1, 2008. This award is given in recognition of governmental units which publish 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) the safeguarding of 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 the 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 is able to control all of the above using the AIM System.

It is the special responsibility of the Comptroller, as set forth in the 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 Charter and ordinance provisions relating to the audit of records, funds and securities of every person charged with safekeeping of 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 Missouri 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. The downturn in economic conditions during the fiscal year resulted in FY09 general revenues falling short of original estimates by approximately \$10 million. Earnings and payroll tax receipts have indicated declines of over 1% for the year and combined with a projected 2% decline in sales tax receipts account for approximately \$4 million of the estimated shortfall. While most telecommunications franchise tax receipts have been received as planned, approximately \$1.6 million in anticipated payments continue to be paid under protest. Payments of prisoner reimbursements paid by the State and released to the City general revenue are expected to fall approximately \$3.9 million short of estimates due to both a decline in prisoner census totals as well as a one-time allocation of these funds to the debt service reserve of the Justice Center. A similar shortfall is expected in FY10 due to the continuing recession. In preparing for its FY11 budget, the City is engaged in a strategic decision-making process intended to cut long-term recurring costs while preserving acceptable levels of service. The City is considering both revenue enhancement and administrative cost reductions as well as other types of savings that enhance the City's environmental sustainability.

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General Revenue Fund Expenditures

Table I is a combined statement of revenues, expenditures and changes in fund balances on an accrual basis for the Fiscal Years 2005 through 2009.

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
(IN THOUSANDS)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Revenues					
Taxes	\$342,751	\$341,577	\$321,610	\$323,848	\$308,836
Licenses & Permits	16,924	17,191	18,384	20,009	18,597
Intergovernmental Aid	24,974	23,768	23,359	25,331	25,593
Charges for Services, net	13,266	16,398	17,588	16,301	14,747
Court Fines & Forfeitures	11,127	10,000	8,273	7,893	8,773
Investment Income	2,364	3,864	5,965	5,800	1,749
Interfund Services provided	6,354	3,868	3,719	4,009	4,519
Miscellaneous	4,094	4,534	2,512	4,265	2,766
Total Revenues	421,854	421,200	401,410	407,456	385,580
Expenditures					
General Government	51,435	83,835	36,992	53,941	41,651
Convention & Tourism	187	201	154	204	1,795
Parks and Recreation	19,101	18,072	19,167	18,667	18,279
Judicial	49,250	45,571	41,806	40,427	40,478
Streets	30,216	29,056	27,070	27,930	28,000
Public Safety	240,624	335,730	234,350	230,814	218,927
Health and Welfare	47,100	2,997	2,663	3,511	2,941
Public Services	3,247	25,490	23,259	23,122	21,401
Debt Service	38,851	40,199	26,604	16,925	27,000
Total Expenditures	480,011	581,151	412,065	415,541	400,472
Excess of Revenues Over					
(Under) Expenditures Other	(35,481)	(159,951)	(10,655)	(8,085)	(14,892)
Finance Sources/(Uses)					
Issuance certificates of participation	9,100				
Issuance leasehold revenue bonds	6,160	145,447	23,165		
Issuance of justice center notes	9,069				
Bond discount on debt issuances	(525)	(2,953)	(321)		
Payment refunded to Bond Escrow Agent	(9,354)	(8,632)	(22,830)		
Transfers In	34,172	19,447	19,768	18,536	20,386
Transfers Out	(5,958)	(13,215)	(14,693)	(2,954)	(2,603)
Total Other Financing Sources (Uses)	42,664	140,094	5,089	15,582	17,783
Excess of Revenues & Other Finance Sources Over (Under) Expenditures & Other Uses	7,183	(19,857)	(5,566)	7,497	2,891
Fund Balances (Beginning of Fiscal Year)	\$54,871	\$74,728	\$80,294	\$72,797	\$69,906

Source: Audited Financial Statements.

Table II shows a General Revenue Fund Summary of Operations on a budgetary (cash) basis for the Fiscal Years 2007 through 2009.

**TABLE II
CITY OF ST. LOUIS
GENERAL FUND REVENUES
SUMMARY OF OPERATIONS
CASH BASIS - FISCAL YEARS ENDED JUNE 30
(IN THOUSANDS)**

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues			
Taxes	\$346,478	\$349,582	\$333,933
Licenses & Permits	16,871	17,285	18,392
Intergovernmental Aid	18,414	17,404	17,449
Charges for Services	18,542	18,946	20,930
Court Fines & Forfeitures	7,688	6,885	4,390
Interest	60	1,729	2,830
Interfund Services provided			
Miscellaneous	3,154	<u>3,089</u>	<u>3,139</u>
Total Revenues	<u>411,207</u>	<u>414,920</u>	<u>401,063</u>
Expenditures			
General Government	55,974	39,150	39,527
Convention & Tourism	190	199	156
Parks & Recreation	19,199	17,883	19,149
Judicial	47,596	43,559	42,016
Streets	30,382	29,376	26,900
Public Safety	116,404	106,176	100,815
Police	129,213	129,128	131,775
Health & Welfare	3,032	2,963	2,857
Public Services	24,767	25,092	23,218
Debt Service	<u>22,621</u>	<u>33,270</u>	<u>24,997</u>
Total Expenditure	<u>449,378</u>	<u>426,796</u>	<u>411,410</u>
Excess of Revenues Over (Under)	<u>(38,171)</u>	<u>(11,876)</u>	<u>(10,347)</u>
Expenditures			
Other Financial Sources (Uses):			
Transfers In	31,780	20,485	23,898
Transfers Out ¹	<u>(5,353)</u>	<u>(12,063)</u>	<u>(14,293)</u>
Total Other Finance Sources (Uses)	<u>26,427</u>	<u>8,422</u>	<u>9,605</u>
Excess of Revenues & Other Finance Sources Over (Under) Expenditures & Other Finance Uses	(11,744)	(3,454)	(742)
Fund Balances (Beginning of Fiscal Year)	<u>18,082</u>	<u>21,536</u>	<u>22,278</u>
Fund Balances (End of Fiscal Year)	<u>\$6,338</u>	<u>\$18,082</u>	<u>\$21,536</u>

¹Transfers include transfers to and from reserves.

Source: City Comptroller's Office.

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 the Fiscal Years 2007 through 2009.

TAXES:	<u>Fiscal Year</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Earnings	31.24%	32.48%	32.10%
Franchise	13.86	13.32	12.35
Sales	10.84	11.27	11.47
Gross Receipts	1.86	1.92	1.92
Motor Vehicle Sales Tax	0.63	0.71	0.96
Real Estate	8.97	9.46	8.72
Personal Property	2.36	2.30	2.46
Payroll	8.02	8.49	8.20
Other Taxes	<u>0.43</u>	<u>0.34</u>	<u>0.40</u>
Total Taxes	<u>78.21</u>	<u>80.29</u>	<u>78.58</u>
License Fees	<u>3.81</u>	<u>3.97</u>	<u>4.33</u>
Departmental Receipts	<u>10.80</u>	<u>11.04</u>	<u>11.47</u>
27th Pay Reserve Transfers			
Transfers	<u>7.17</u>	<u>4.70</u>	<u>5.62</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Source: City Comptroller's Office.

Earnings Tax

The City's earnings tax (as described herein, the "Earnings Tax") is the most significant single source of General Revenue Fund revenues, representing approximately 31.2% of the total General Revenue Fund revenues for the Fiscal Year ended June 30, 2009. The Earnings Tax is levied against the gross income of residents of the City and nonresidents employed within the City and against the net profits of businesses located within the City. The Earnings Tax was authorized by State statute in 1954 and the current rate of 1% has been in effect since 1959. For more information, see Official Statement, "Effort To Repeal The City Earnings Tax". Earnings Taxes are withheld by employers and submitted to the City on a quarterly basis, except for employers withholding more than \$1,500 per month which are required to remit their taxes monthly. Residents of the City who are employed outside of the City and do not have the Earnings Tax withheld from their pay are required to file a tax return and pay the Earnings Tax on an annual basis.

The City's General Fund Earnings Tax revenue for the Fiscal Years 2005 through 2009 was as follows:

<u>Fiscal Year</u>	<u>Earnings Tax</u>
2005	\$122,941,515
2006	131,735,560
2007	136,433,476
2008	141,404,681
2009	138,402,392

Source: City Comptroller's Office.

Franchise Tax

The franchise tax of the City (as describe herein, the “Franchise Tax”) is a tax on utilities operating within the City and on certain gross receipts of Lambert Airport. The Franchise Tax is passed on to the consumers by the utilities. The Franchise Tax charged against Laclede Gas Company and AmerenUE is 10% on the gross receipts from their commercial customers and 4% on the gross receipts from their residential customers. Charter Communications, Inc. is taxed at 5% on the gross revenues for its City cable franchise revenues from this tax Revenues from this tax are not deposited to the General Fund. Telecommunications companies, Trigen Energy Corp. and the Water Division of the City, are each taxed at 10% on their respective gross receipts from all users and Lambert Airport pays 5% of its gross receipts; revenues from these taxes are all deposited to the General Revenue Fund. Franchise Taxes are collected and paid to the City monthly and/or quarterly.

The City’s General Fund Franchise Tax revenue for the Fiscal Years 2005 through 2009 was as follows:

<u>Fiscal Year</u>	<u>Franchise Tax</u>
2005	\$52,083,765
2006	52,851,002
2007	52,455,509
2008	58,014,560
2009	61,413,919

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 8.241%, which includes the State of Missouri tax rate of 4.225%. The general fund portion of the tax rate is 1.375%. The remaining portions of the tax rate are earmarked for transportation, capital improvement, public safety, parks and the transitional school district.

In addition, the City imposes a use tax on all out-of-state purchases by in-state residents that are greater than \$2,000. The revenues of the use tax are 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 6.95%. The use tax revenues are revenues of a special revenue fund and are not deposited into or a part of the general fund.

The City’s General Fund Revenue Sales Tax receipts for the Fiscal Years 2005 through 2009 were as follows:

<u>Fiscal Year</u>	<u>Sales Tax</u>
2005	\$46,013,082
2006	47,346,639
2007	48,759,269
2008	49,060,636
2009	48,018,310

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) amusements admission tax; and (3) restaurant tax. The City's gross receipts tax revenue for the Fiscal Years 2005 through 2009 was as follows:

<u>Fiscal Year</u>	<u>Gross Receipts Tax</u>
2005	\$11,826,756
2006	12,748,707
2007	8,168,761*
2008	8,361,949
2009	8,254,460

*Pursuant to Ordinance 65699, beginning in Fiscal Year 2007 the City revised the applicability of its 5% amusement tax so as to exclude the application of the tax on Cardinal ticket sales in order to promote the development of a new ballpark and the surrounding area. The City's Board of Aldermen recently adopted Ordinance 68380, which amended Chapter 8.08 of the St. Louis City Revised Code, and has the affect of excluding the application of the amusement tax on ticket sales at Blues hockey games and other amusement events at the Scottrade Center.

Source: City Comptroller's Office.

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 residence of the purchaser and not point of purchase.

The City's General Fund Motor Vehicle Sales Tax revenue for the Fiscal Years 2005 through 2009 was as follows:

<u>Fiscal Year</u>	<u>Motor Vehicle Sales Tax</u>
2005	\$3,563,374
2006	3,573,545
2007	4,060,390
2008	3,103,596
2009	2,775,347

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. Real property and personal property are not taxed at the same rate. The formula for setting the tax rate does not allow for more than normal growth in tax collections. This approach is mandated by Senate Bill No. 71 effective

August 28, 2008. Senate Bill No. 71 requires political subdivisions to reduce their tax rates in a fiscal year according to the Hancock formula even if the political subdivision's tax rate is below the tax rate ceiling. As a result, there can be no "windfall" to the City based upon the reassessments.

The estimated "Market Value" of real property in the City for the last five calendar years is set forth below:

<u>Assessed Year</u>	<u>Real Property</u>		<u>Personal Property</u>		<u>Manufacturers Inventory Assessed Value</u>	<u>Total Assessed Value</u>
	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>		
2004	\$2,310,268,668	\$ 9,741,401,301	\$770,103,724	\$2,312,623,796	\$285,352,828	\$3,365,725,220
2005	2,802,683,651	12,127,086,889	789,536,333	2,370,979,979	290,522,619	3,882,742,603
2006	2,839,458,315	12,323,639,135	767,274,268	2,304,126,931	286,014,328	3,892,746,911
2007	3,459,513,734	15,105,666,861	805,297,902	2,418,312,018	292,370,530	4,557,182,166
2008	3,533,951,238	15,390,825,612	861,836,703	2,588,098,207	287,366,431	4,683,154,372

¹ Source: City Assessor's Office.

Source: City License Assessor's Office.

<u>Calendar Year</u>	<u>Commercial</u>	<u>Residential</u>	<u>Total Real Property</u>
2004	\$3,533,864,775	\$ 6,207,536,526	\$ 9,741,401,301
2005	3,834,901,094	8,292,185,795	12,127,086,889
2006	3,830,514,456	8,493,124,679	12,323,639,135
2007	4,534,131,003	10,571,535,858	15,105,666,861
2008	4,689,956,706	10,700,868,905	15,390,825,612

Source: City Assessor's Office.

The tax rate levied on real and personal property during the Fiscal Year 2008 was \$1.2123 per \$100 of assessed valuations and during the Fiscal Year 2007 was \$1.3262 per \$100 of assessed valuations. The collection rate for the Fiscal Year 2008 was 84.2% compared to the rate of 90.3% for the Fiscal Year 2007. 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 as shown in the following table is understated. The City's General Fund Real and Personal Property Tax revenue for the Fiscal Years 2005 through 2009, on a cash basis, was as follows:

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>
2005	\$32,535,672	\$11,117,309
2006	34,108,578	10,019,639
2007	37,020,349	10,460,702
2008	41,188,305	10,020,978
2009	39,730,220	10,446,068

Source: City Comptroller's Office.

Payroll Tax

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 tax is not applicable to nonprofit, charitable, civic organizations or hospitals. 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 Fund Payroll Tax revenue for the Fiscal Years 2005 through 2009, on a cash basis, was as follows:

<u>Fiscal Year</u>	<u>Payroll Taxes</u>
2005	\$31,588,099
2006	36,280,566
2007	34,857,007
2008	36,960,559
2009	35,531,482

Source: City Comptroller's Office.

Other Taxes

Other taxes collected by the City include the intangible tax, land tax suits, manufacturers tax, commercial property surcharge and county stock insurance tax. The City's General Fund other tax revenue for the Fiscal Years 2005 through 2009, on a cash basis, was as follows:

<u>Fiscal Year</u>	<u>Other Taxes</u>
2005	\$1,438,646
2006	1,273,080
2007	1,717,635
2008	1,490,288
2009	1,906,229

Source: City Comptroller's Office.

License Fees

License Fees are collected by the City for use, sale or conduct of 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 the new license fees is administered by the License Collector's Office.

The City's General Fund license fee revenue for the Fiscal Years 2005 through 2009, on a cash basis, was as follows:

<u>Fiscal Year</u>	<u>License Fees</u>
2005	\$18,597,181
2006	19,504,418
2007	18,392,139
2008	17,284,929
2009	16,870,624

Source: City Comptroller's Office.

Departmental Receipts

Several City departments generate revenues from fees and charges. Those revenue-producing departments include the Department of Parks and Recreation and Forestry, the Public Safety Department, the Street Department, the Public Utilities Department, the Department of Health and Hospitals, Recorder of Deeds, Circuit Court, Juvenile Detention Center, Sheriff, Medical Examiner, Probate Court and the City Courts. Also included in Departmental Receipts is Intergovernmental Aid, Interest Earned, and Miscellaneous Receipts. The City's General Fund Departmental Receipts revenue for the Fiscal Years 2005 through 2009, on a cash basis, was as follows:

<u>Fiscal Year</u>	<u>Departmental Receipts</u>
2005	\$46,253,141
2006	50,104,137
2007	48,737,953
2008	48,053,344
2009	47,857,933

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.

The City's Operating Transfers for Fiscal Years 2005 through 2009, on a cash basis, were as follows:

<u>Fiscal Year</u>	<u>Operating Transfers¹</u>
2005	\$21,460,749
2006	16,443,308
2007	23,298,344
2008	20,484,557
2009	31,779,614

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 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 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 staff of attorneys attempts to settle or defend all claims which are made. Each year an appropriation is made to a judgment account, which is segregated and reserved in a nonprofit corporation from which all judgments or settlements are paid. Expenditures for judgments and settlements during the Fiscal Years 2005 through 2009 were:

<u>Fiscal Year</u>	<u>Expenditures</u>
2005	\$ 849,533
2006	1,419,180
2007	1,182,762
2008	1,291,266
2009	1,059,334

Source: City Comptroller’s Office.

During Fiscal Year 1992, the City turned the administration of all workers’ compensation responsibilities over to the Public Facilities Protection Corporation. A third-party administrator was contracted to process all claims and make recommendations regarding workers’ compensation concerns. The utilization of a third party administrator, together with improved City safety efforts has resulted in a reduction in the number and severity of workers’ compensation claims. This also has enabled the City to process claims and payments more timely as well as provide more timely and accurate statistical data.

In June 2002, the City became self-insured for its employees’ health insurance. An internal service fund was established to account for payment of health insurance claims for participants. During Fiscal Year 2005, the City ceased the self-insurance program and again contracted out the health insurance due to favorable rates available at that time.

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 presently requires a two-thirds vote for the issuance of bonds of the City, voter approval of a Charter amendment is needed to reduce the majority requirements to those authorized by the State constitutional amendment. A proposed Charter amendment was submitted to City voters in August and November 1988 and 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 the Lambert 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.

The City is authorized by statute to issue TIF obligations for development projects. In July 1991, the City issued \$15,000,000 of Tax Increment Revenue Bonds (Scullin Redevelopment Area), Series 1991A, for the St. Louis Marketplace project. TIF obligations are secured by incremental tax revenues generated from the property and other taxes generated by improvements to the project area. TIF obligations also may be secured by annual appropriations from the City's General Revenue Fund. As part of the St. Louis Marketplace financing the City covenanted to request annual appropriations from the General Revenue Fund beginning in Fiscal Year 1993 to cover any shortfalls in the payment of debt service on these bonds until such time as the incremental revenues equaled at least 150% of the annual debt service payments on the bonds for five consecutive years. The outstanding balance as of June 30, 2009 is \$3,210,000. During Fiscal Year 2009, the General Revenue covered a debt service shortfall of \$718,042. The final payments on these bonds are expected to be made in FY11; it is expected that project revenues and the debt service reserve will be sufficient to make the final payments and that no General Revenue subsidy will be needed.

Likewise, in January 2007, the City issued its Taxable Tax Increment Revenue Notes (600 Washington Redevelopment Project 1 - One City Centre Component) Series 2007 in the amount of \$16,961,000. The City has agreed that the appropriate officer of the City shall include in each budget proposal submitted to the Board of Aldermen for each fiscal year that such TIF Notes are outstanding a request for an appropriation of a sum equal to (a) certain moneys on deposit in the Special Allocation Fund (Payments in Lieu of Taxes, Economic Activity Tax Revenues), (b) municipal revenues; and (c) City revenues which constitute other legally available funds of the City in an amount equal to pay the

principal of and interest on such TIF Notes. The obligation of the City of St. Louis to appropriate funds for deposit in the City Revenue Fund is not limited to incremental receipts generated by the Washington Redevelopment Project 1, and constitutes a moral obligation to appropriate from any other legally available funds of the City.

Tax Increment Financing Projects

The City has entered into several TIF projects in addition to those described above. To the extent that the City has issued or will issue TIF revenue bonds to finance the projects, with the exceptions provided below and excepting the potential posed by the St. Louis Market Place and the Washington Redevelopment Project 1 - One City Centre Component discussed above and those discussed below, such bonds will be paid from taxes generated in the respective tax increment areas and are not anticipated to affect the City's General Fund. Although numerous TIF areas have been approved by the City, to date, TIF revenue bonds or notes have been issued for only 52 projects. 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 were financed with TIF Revenue Bonds issued by the IDA, namely, Edison Brothers TIF, for \$5.6 million issued on January 29, 2000, MLK Development TIF for \$2.3 million issued on April 18, 2002, Southtown TIF for \$6.4 million issued on October 14, 2006, and Loughborough TIF for \$18.43 million issued on November 26, 2007. As of May 31, 2009, the outstanding balances on the IDA TIF Revenue Bonds were \$4,078,000 for Edison Brothers, \$2,415,000 for MLK Development, \$5,435,000 for Southtown and \$18,275,000 for Loughborough.

In addition, two TIF projects were financed "pay as you go," namely, Lafayette Square, estimated at \$2.0 million and approved on December 26, 2001, and Post Office Square, estimated at \$6.7 million and approved on July 23, 2002.

In December of 2000, the City provided certain financial assistance in connection with the development and construction of a new 165-room all-suites hotel (the "Suites") and a new 918-room convention headquarters hotel (the "Hotel" and, together with the Suites, the "Convention Hotel") located in downtown St. Louis. The Convention Hotel is located in two buildings, one adjacent to and the other across the street from America's 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 America's Center. The City is using contractual PILOTS payable by the owner of the Convention Hotel to repay the Section 108 loan. The Suites opened in 2002 and the Hotel opened in 2003.

The Convention Hotel was financed through the issuance of industrial development bonds issued by the IDA. These bonds are special, limited obligations of the IDA and the City is not liable on the bonds. A shortfall in the funds available to pay interest on the Senior Lien Revenue Bonds (St. Louis Convention Center Headquarters Hotel Project) Series 2000A (the "Hotel Bonds"), issued by the IDA led to a sale of the Convention Hotel in foreclosure in February, 2009. The Convention Hotel, which is located on the south side of Washington Avenue directly opposite the Convention Center, was developed by Historic Restoration, Inc. ("HRI") and operated by Marriott Corp. HRI is a privately-owned developer entirely separate from and independent of the Corporation and the City. The Convention Hotel was purchased at the sale by UMB Bank, N.A., the trustee for the holders of the Hotel Bonds, and will continue to be operated by Marriott Corp. Such owner has entered into an agreement with Jones Lang

LaSalle Americas, Inc. to explore the sale of the Suites. The exclusive listing agreement will run for a period of approximately eleven (11) months. Jones Lang LaSalle Americas, Inc. is a company affiliated with Jones Lang LaSalle Hotels, the firm previously engaged to evaluate and make recommendations with regard to various aspects of operations of the Convention Hotel. Revenues generated by the Convention Hotel have failed to meet expectations since the downturn in convention business following the 2001 terrorist attacks. The current uncertainty in the economy may also have a negative affect on convention business. In December 2009, the Board of Alderman approved an agreement to permit the hotel to make its required December 2009 and December 2010 contractual PILOTs payments over the course of the following year. This measure is assisting the Hotel in maintaining operation while at the same time ensuring that the payments necessary to fund principal and interest on the Hotel Bonds will in fact be made. Bids have been received for the sale of the Suites and are now being evaluated by the Hotel owner.

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

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<u>Project</u>	<u>Estimated TIF Costs</u>	<u>TIF Note</u>	<u>TIF Notes Outstanding as of May 31, 2009</u>	<u>Issuance Date</u>
Cupples	\$52,200,000	\$ 3,745,000	\$ 1,100,000	10/20/03
Chouteau/Compton	3,600,000	3,600,000	2,531,793	02/28/01
100 North Condominium LLC	400,000	400,000	153,979	07/01/01
Center for Emerging Technology	1,493,000	978,000	528,000	03/27/01
3800 Park	390,000	390,000	382,703	02/26/04
Gravois Plaza	4,049,000	4,049,000	4,049,000	04/01/02
Tech Electronics	900,000	900,000	900,000	01/31/03
1505 Missouri	621,100	659,540	654,540	03/21/06
Grand Center	80,000,000	12,455,000	12,106,000	11/30/06
Walter Knoll Florist	1,036,000	1,036,000	979,760	01/01/05
Louderman Building	2,440,400	2,444,400	2,263,103	07/18/06
920 Olive	2,667,732	2,667,732	2,667,732	09/13/04
Paul Brown	3,264,200	3,264,200	3,264,200	01/31/06
1141-1151 S. Seventh St.	1,136,800	1,131,600	1,075,600	12/16/05
Terra Cotta	3,520,000	3,520,000	3,505,000	12/09/05
Southtown	2,333,998	2,333,998	2,333,998	11/09/06
Soulard Market Apartments	4,800,000	2,760,533	2,760,533	10/07/04
Printer Lofts	3,880,000	4,410,000	4,410,000	05/23/06
City Hospital	5,000,000	2,935,000	2,718,000	03/21/07
1601 Washington	3,000,000	3,365,000	3,313,000	11/29/06
1619 Washington	1,583,379	1,930,000	1,879,000	01/05/06
Highlands at Forest Park	2,400,000	2,412,000	2,379,000	03/05/07
Maryland Plaza South	5,367,052	4,133,176	4,133,176	11/21/05
Gaslight Square East	1,500,000	1,770,000	1,632,000	11/01/06
2300 Locust	1,800,000	1,800,000	1,503,088	03/31/06
410 N. Jefferson	1,525,000	1,735,000	1,664,000	06/28/07
Washington East Condominiums	7,300,000	7,997,521	7,860,521	06/26/07
Moon Brothers Carriage Lofts	1,300,000	1,490,000	1,481,000	03/25/07
Grace Lofts	1,550,000	1,715,725	1,586,725	05/24/07
4200 Laclede	900,000	925,400	830,400	04/17/08
Fashion Square	3,700,000	4,105,000	3,844,000	02/07/08
Security Bldg	3,000,000	3,345,000	3,045,000	11/27/07
Marquette Bldg	3,600,000	4,500,000	4,311,000	06/11/08
1136 Washington	3,650,000	3,525,000	3,370,000	03/12/08
Pet Building	3,000,000	3,162,500	3,008,500	07/19/07
1312 Washington	400,000	419,000	400,000	02/27/09
Catlin Townhomes	422,000	432,000	393,000	02/19/09
Shenandoah Place	231,540	254,700	218,699	11/04/08
1300 Convention Plaza	925,000	941,525	899,000	08/05/08
East Bank	1,414,000	1,456,825	1,456,825	09/30/08
Ely Walker	6,000,000	6,017,600	5,590,000	02/27/09
Bee Hat Lofts	1,350,000	1,407,329	1,313,000	11/19/08
Ludwig Lofts	850,000	1,080,000	1,080,000	07/29/08
Grand/Cozen/Evans	1,060,000	1,650,000	1,645,000	08/28/08
Warehouse of Fixtures	6,100,000	6,348,500	5,785,000	02/01/09

Source: City Comptroller's Office.

Short-Term Borrowing

The City first issued Tax and Revenue Anticipation Notes (“TRANs”) during Fiscal Year 1984. The following table sets forth certain information concerning the issuance of TRANs since Fiscal Year 2005. TRANs have been issued annually since 1984 to bridge timing gaps in revenue collections.

<u>Fiscal Year</u>	<u>TRANs Issued During Fiscal Year</u>	<u>As a Percent of General Fund Revenues¹</u>
2005	\$47,000,000	11.77%
2006	45,000,000	10.59%
2007	36,000,000	8.54%
2008	32,000,000	7.35%
2009	50,000,000	10.85% ²

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

² Based on estimated General Fund Revenues.

Source: City Comptroller’s Office.

Outstanding Debt

The following table sets forth the principal amount of all bonds, other than TIF obligations, issued by the City that are outstanding as of February 28, 2010:

<u>Bonds</u>	<u>Amount Outstanding</u>
General Obligation Bonds	\$46,300,000
Water Revenue Bonds	19,585,000
Parking Revenue Bonds	76,975,000
Airport Revenue Bonds	<u>905,405,000</u>
Total	<u>\$1,048,265,000</u>

Source: City Comptroller’s Office.

Capital Leases

The City has outstanding a number of lease purchase agreements which can be characterized as capital leases. The major agreements of this type are listed below.

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<u>Description</u>	<u>Amount Outstanding February 28, 2010</u>	<u>Remaining Term in Years</u>	<u>Issue Date</u>
Convention Center Bonds, Series 1993A	\$2,567,205	5	Jun-93
Convention Center Hotel Compound Leasehold Revenue Bonds, Series 2000	39,999,579	10	July 2000
Justice Center Leasehold Revenue Bonds, Series 2001	55,090,000	13	Sept. 2001
Convention Center Leasehold Refunding Bonds, Series 2003	42,570,000	4	Apr. 1998
Civil Courts Revenue Refunding Bonds, Series 2003A	10,089,500	4	May 2003
Forest Park Revenue Improvement Bonds, Series 2004	12,595,000	12	Dec. 2004
Convention Center Compound Interest Leasehold Revenue Bonds, Series 2005	44,997,891	23	May 2005
Justice Center Leasehold Revenue Bonds, Series 2005	14,860,000	10	Aug. 2005
Rolling Stock	11,550,343	8	Sept. 2006
Camahan Courthouse Leasehold Revenue Refunding Bonds, Series 2006A	23,710,000	17	Oct. 2006
Convention and Sports Facility Project and Refunding Bonds, Series 2007 (Includes Preservation Payments)	54,951,000	11	May-07
Abram Building Leasehold Revenue Bonds, Series 2007	3,139,490	8	Jun-07
Recreation Sales Tax Leasehold Revenue Bonds Series 2007	48,515,000	27	Jul-07
Taxable Leasehold Revenue Bonds, Series 2007 (Pension Funding Project)	140,030,000	27	Sep-07
Police Capital Improvements Sales Tax Leasehold Revenue Bonds Series 2007	23,360,000	27	Dec-07
Taxable Public Safety Sales Tax Leasehold Revenue Bonds (Pension Funding Project) Series 2008A	18,170,000	10	Jun-08
Tax-Exempt Juvenile Detention Center Leasehold Revenue Bonds Series 2008B	25,080,000	29	Jun-08
Lease Certificates of Participation, Series 2008	8,530,000	12	Sept. 2008
Convention Center Capital Improvement Projects Series 2008	21,850,000	28	Nov-08
Convention Center Capital Improvement Projects Series 2009A	7,761,922	29	May-08
Infrastructure & Convention Center Capital Improvement Projects, Series 2009B	23,255,000	29	May-09
City Justice Center Leasehold Revenue Refunding Bonds Series 2009	8,495,000	3	Oct-10
Total	<u>\$641,166,930</u>		

Source: City Comptroller's Office.

Other Long-Term Debt Obligations

The City also has Missouri Transportation Finance Corporation (MTFC) and Missouri Department of Natural Resources (MDNR) loans that are repaid from the City Capital Fund.

<u>Description</u>	<u>Amount Outstanding February 28, 2010</u>	<u>Remaining Term in Years</u>
MDNR Energy Efficiency Program	381,745	3
MTFC Multimodal Direct Loan	3,790,157	7
Total	<u>\$4,171,902</u>	

Source: City Comptroller's Office.

Direct and Overlapping Debt

The direct and overlapping general obligation debt of the City as of February 28, 2010, is set forth below.

	<u>General Obligation Bonds Outstanding</u>	<u>Percent Applicable to St. Louis</u>	<u>City's Direct and Overlapping Debt</u>
The City of St. Louis	\$46,300,000	100.00%	\$46,300,000
Board of Education of the City of St. Louis	<u>225,463,535</u>	100.00%	<u>225,463,535</u>
Total	<u>\$271,763,535</u>		<u>\$271,763,535</u>

Source: City Comptroller's Office.

Debt Ratios

The following table sets forth the City's direct and overlapping general obligation debt ratios as of February 28, 2010. These figures do not include lease agreements.

	<u>Amount</u>	<u>Per Capita¹</u>	<u>Ratio to Assessed Value</u>
Total Direct Debt	\$ 46,300,000	\$132.97	1.05%
Total Direct and Overlapping Debt	\$271,455,724	\$780.51	6.18%

¹ Based on Population from U.S. Census, 2000 (348,189).
Source: City Comptroller's Office.

Legal Debt Margin

The following table sets forth the City's Legal Debt Margin as of July 31, 2009.

<u>City Purposes Basic Limit</u>	<u>Streets and Sewers Additional Limit</u>
--------------------------------------	--

2008 Assessed Value	\$4,683,154,372	\$4,683,154,372
Debt limit - 10% of assessed value	468,315,437	<u>468,315,437</u>
Less: General Obligation Bonds	46,300,000	0
Legal Debt Margin	<u>\$ 418,525,437</u>	<u>\$ 468,315,437</u>

Source: City Comptroller's Office.

EMPLOYEES AND EMPLOYEE RELATIONS

The City currently employs approximately 5,300 persons who are paid from the City's General Revenue Fund, approximately 1,900 of whom are employees of the Police Department.

Under State law, employees of the City, including those of the Police Department, do not have the authority to bargain collectively. The salaries of employees of the Police Department are established by the Police Board; provided that they remain within the limit established by the Hancock Amendment. 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 maintains three retirement plans covering substantially all full-time employees. The plans are The Employees' Retirement System, The Firemen's Retirement System and The Police Retirement System. For each of the plans, liabilities for benefits are not limited to pension fund assets and are a statutory obligation of the City.

The Firemen's Retirement System and the Police Retirement System filed lawsuits against the City and the Board of Estimate and Apportionment to require the City to contribute the actuarially determined annual contribution for the Police System for the City's 2004, 2005, 2006 and 2007 fiscal years. The City received an unfavorable ruling in the initial court proceedings relative to the fiscal year 2004 suit, and appealed the decision. In August 2006, the Missouri Court of Appeals affirmed the lower court's decision but transferred the case to the Missouri Supreme Court (Supreme Court). On April 13, 2007, the Supreme Court affirmed the judgments of the Circuit Court.

In response to the judgments, the Board of Aldermen had authorized and approved the issuance and sale of bonds for the purpose of paying certain judgments and other amounts in connection with the both the Firemen's and Police Retirement Systems, as well as the Employees' Retirement System. During fiscal year 2008, Pension Funding Leasehold Revenue Bonds Series 2007 and Pension Funding Series 2008A were issued funding the Retirement Systems in the amounts of \$125,691,000 and \$18,800,000, respectively. An additional \$14,222,000 was paid in July, 2008 to fund past requirements of the Employees Retirement System.

Additional contributions from the City's General Revenue Fund to all plans for the Fiscal Year ended June 30, 2008, totaled \$16,184,395 pension fund assets and are a statutory obligation of the City. As indicated in the chart below, the actuarial value of each of these systems equaled 88% or more of each system's actuarial accrued liability in October 2008. Even with the continuing erosion of the value of investment vehicles, funding for each system remained above 80% as of October 2009.

<u>Benefits</u>	<u>Actuarial Valuation Date</u>	<u>(In Thousands)</u>		
		<u>Actuarial Value of System Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>
Employee's Retirement System	October 1, 2008	\$674,017	\$765,842	\$91,825
Police Retirement System	October 1, 2008	752,273	803,417	51,144
Firemen's Retirement System	October 1, 2008	485,139	523,036	37,897

Source: City Comptroller's Office.

The City has created a "Pension Task Force" to review issues, including future benefit levels and funding sources, including one or more possible bond issues, associated with the three retirement plans described above. A copy of the Pension Task Force's preliminary report is available from the City for review.

OTHER POST EMPLOYMENT BENEFITS

GASB Statement No. 45

The Governmental Accounting Standards Board ("GASB") in 2006 issued Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefit Plans Other than Pension Plans ("OPEB"). This statement establishes uniform financial reporting standards for OPEB expenses and related liabilities in the comprehensive annual financial reports of governmental entities. The value of the obligation to provide retiree benefits must be actuarially calculated and accrued, and reported as a financial obligation of the employer OPEB cost. The main thrust of GASB Statement No. 45 is to require that public sector employers recognize the cost of OPEB over the active service life of their employees rather than on a pay-as-you-go basis. A review by an actuary determined there were no further OPEB obligations to be calculated and reported under GASB Statement No. 45 for the fiscal year ended June 30, 2008 for the Primary Government.

The Metropolitan Police Department of the City of St. Louis, Missouri

The SLPD is a discretely presented component unit of the City. SLPD has no authority to levy a tax or issue debt in its name, and therefore, is fiscally dependent on the City for substantially all of its funding. Accordingly, the City's general fund budget includes appropriations for the police department.

In order to meet GASB No. 45 requirements, the SLPD hired an actuarial firm to calculate the dollar amount of unfunded actuarial accrued liability of the City as it relates to the SLPD for the Fiscal Year ending June 30, 2008. The information produced by the actuary was included in the SLPD's financial statements for the Fiscal Year ending June 30, 2008. Complete financial statements may be obtained directly from the SLPD.

Under Section 84.160 of the Revised Statutes of Missouri, the Police Board is required to provide post-retirement healthcare and life insurance benefits for former civilian and commissioned employees who retire subsequent to 1969. For the fiscal year ended June 30, 2008, the City, on behalf of the SLPD, provided healthcare insurance for approximately 1,343 retirees, while approximately 1,438 are provided life insurance benefits. These costs are accounted for on a pay-as-you-go basis. The annual cost to the City of providing these benefits to retirees averages \$4,475 per retiree for healthcare and \$11.00 per retiree for life insurance. Historically, the City has funded the full amount of the OPEB obligation from its general fund revenues and expects to continue to do so.

The following is a five-year history of the City's annual costs as well as a budgeted cost estimate for the Fiscal Year ending June 30, 2010.

<u>Fiscal Year Ending</u>	<u>City Cost</u>
2010 estimate	\$8,983,519
2009	7,903,645
2008	6,025,308
2007	5,605,911
2006	5,514,778
2005	6,470,532

In order to meet GASB No. 45 requirements, the SLPD hired an actuarial firm to calculate the dollar amount of unfunded actuarial accrued liability of the City as it relates to the SLPD for the Fiscal Year ending June 30, 2008. The City also hired an actuary to determine any possible liability. The City did not have any such liability. The information produced by the actuaries was included in the City's CAFR for the Fiscal Year ending June 30, 2008. Historically, the City has funded the full amount of the OPEB obligation from its general fund revenues and expects to continue to do so.

LITIGATION

The City is involved in various claims and lawsuits arising in the ordinary course of business that are covered by insurance or that the City does not believe to be material. The following is a summary of lawsuits in which the City is a defendant that may be material, if the outcome of the lawsuit is adverse to the City.

Zoological Subdistrict, etc. v. Employees Retirement System

Description: Suit filed by Zoo Subdistrict, originally only against Board of Trustees of City Employees Retirement System (ERS), for declaratory judgment and breach of fiduciary duty. The Zoo Subdistrict participates as an employer in ERS. The suit claims that, for several years, when ERS sent its annual certifications to the various employers who participate in ERS for the percentage of payroll to be contributed for the next fiscal year, the City failed to make the full amount of contributions certified. As a result, the suit alleges, because of the shortfall in the City's payments, the actuarial certification for all participants in the ERS increased in each subsequent year. Essentially, the suit alleges that the burden of contribution has been disproportionately placed on the Zoo Subdistrict.

Recent Developments: ERS filed an Answer and Counterclaim. ERS, through its attorneys, advised the Zoo Subdistrict that other employers who participate in ERS should have been made additional parties to the suit because they will be affected by it. The Zoo Subdistrict has sent correspondence to those other employers inquiring whether they would object to being joined as parties to the litigation. The Zoo Subdistrict has added the City as a defendant as an affected party for purposes of declaratory judgment, but not alleged any theory of liability against it. The St. Louis Public Library recently joined as a plaintiff in the case.

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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, 2009**





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

Independent Auditor's Report

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

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, 2009, which collectively comprise the City of St. Louis, Missouri's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of St. Louis, Missouri's management. 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 of the pension trust funds represent 90% and 32% of the assets and revenues, respectively, of the aggregate remaining fund information. The assets and revenues of the St. Louis Development Corporation represent 52% and 8% 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 included for those funds and discretely presented component unit, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the pension trust funds were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of St. Louis, Missouri's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit, and the reports of other auditors, provides a reasonable basis for our opinions.

In our opinion, based upon our audit and the reports of 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, 2009, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2009, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 18, the Budgetary Comparison Information on pages 137 through 142, and the Retirement Systems and Other Postemployment Benefit Plan Information on pages 143 through 144 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

St. Louis, Missouri
December 23, 2009

CITY OF ST. LOUIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

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, 2009. The information presented here should be read in conjunction with our letter of transmittal and the City's financial statements including footnotes. 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 exceeded its liabilities for the current fiscal year by \$1.4 billion.
- Governmental activities and business-type activities had net assets of \$177.3 million and \$1.2 billion, respectively.
- The cost of services for the City's governmental activities was \$704.4 million in fiscal year 2009 (excluding interest and fiscal charges).
- As of June 30, 2009, the City's governmental funds reported combined ending fund balances of \$254.9 million. Of this amount, \$55.0 million is unreserved fund balance.
- The unreserved fund balance for the general fund was \$35.6 million or 7.8% of total general fund expenditures.
- In fiscal year 2009, the City issued \$69.2 million in long-term debt to finance projects and refund debt. There was a net decrease of \$6.7 million in debt during the current fiscal year.
- Net pension obligations/assets changed by \$7.3 million due to the difference between the actuarial determined pension contributions to the three pension funds and the amounts actually contributed.
- Tax increment financing (TIF) debt increased liabilities in the amount of \$26.6 million. There is no related asset for TIF debt, so net increases in TIF debt reduce unrestricted net assets 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 other supplementary 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 Assets** presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Increases and decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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, 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, a legally separate police department for which the City is financially accountable 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 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, and health insurance.
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 assets and a statement of changes in fiduciary net assets. 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 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 of the Police Department.

Combining Statements

The combining statements provide fund level detail for all non-major governmental funds, internal service funds, pension trust funds, and agency funds.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net assets. The City's combined net assets for fiscal year 2009 were \$1.4 billion, the same as fiscal year 2008. Looking at the net assets of governmental and business-type activities separately provides additional information.

The City of St. Louis, Missouri
Schedule of Net Assets Summary
June 30, 2009 and 2008
(dollars in millions)

	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Assets:						
Current and other assets	\$ 462.2	508.2	387.3	385.1	849.5	893.3
Capital assets	807.6	780.6	1,889.0	1,873.7	2,696.6	2,654.3
Total assets	<u>1,269.8</u>	<u>1,288.8</u>	<u>2,276.3</u>	<u>2,258.8</u>	<u>3,546.1</u>	<u>3,547.6</u>
Liabilities:						
Long-term debt outstanding	975.3	950.4	944.3	967.9	1,919.6	1,918.3
Other liabilities	117.2	124.6	89.3	66.9	206.5	191.5
Total liabilities	<u>1,092.5</u>	<u>1,075.0</u>	<u>1,033.6</u>	<u>1,034.8</u>	<u>2,126.1</u>	<u>2,109.8</u>
Net assets:						
Invested in capital assets						
net of related debt	510.7	496.3	1,094.3	1,058.0	1,605.0	1,554.3
Restricted	32.8	29.9	138.0	142.7	170.8	172.6
Unrestricted	(366.2)	(312.4)	10.4	23.3	(355.8)	(289.1)
Total net assets	<u>\$ 177.3</u>	<u>213.8</u>	<u>1,242.7</u>	<u>1,224.0</u>	<u>1,420.0</u>	<u>1,437.8</u>

ANALYSIS OF NET ASSETS

As noted earlier, net assets may serve as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$1.4 billion at the close of the most recent fiscal year.

The largest portion of the City's net assets consists of its investments 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 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 assets at the end of fiscal year 2009 and fiscal 2008, respectively, is \$170.8 million and \$172.6 million, which represent resources that are subject to external restrictions on how they may be used.

Total unrestricted net assets decreased by \$66.7 million for the year ended June 30, 2009. Unrestricted governmental activities net assets showed a \$366.2 million deficit at the end of 2009 as compared with a \$312.4 million deficit in 2008. 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, three particular features of the City's recent financial activity affected the deficit in unrestricted governmental net assets. 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, \$53.2 million
- Joint venture financing agreement for the expansion of the convention center, \$57.5 million
- Tax increment financing debt for economic development projects in the amount of \$163.6 million

Also, other financial activity effecting unrestricted governmental net assets in which no capital asset is associated with the debt issued is:

- Pension funding projects (Leasehold revenue bonds) \$144.2 million

Although the net assets of the business-type activities account for 87.5% of overall net assets, these resources cannot be used to make up for the unrestricted net asset deficit in governmental activities. The City generally can only use these net assets to finance the continuing operations of the Airport, Water Division, and the Parking Division.

The City of St. Louis, Missouri
Changes in Net Assets
For the Fiscal Years ended June 30, 2009 and 2008
(dollars in millions)

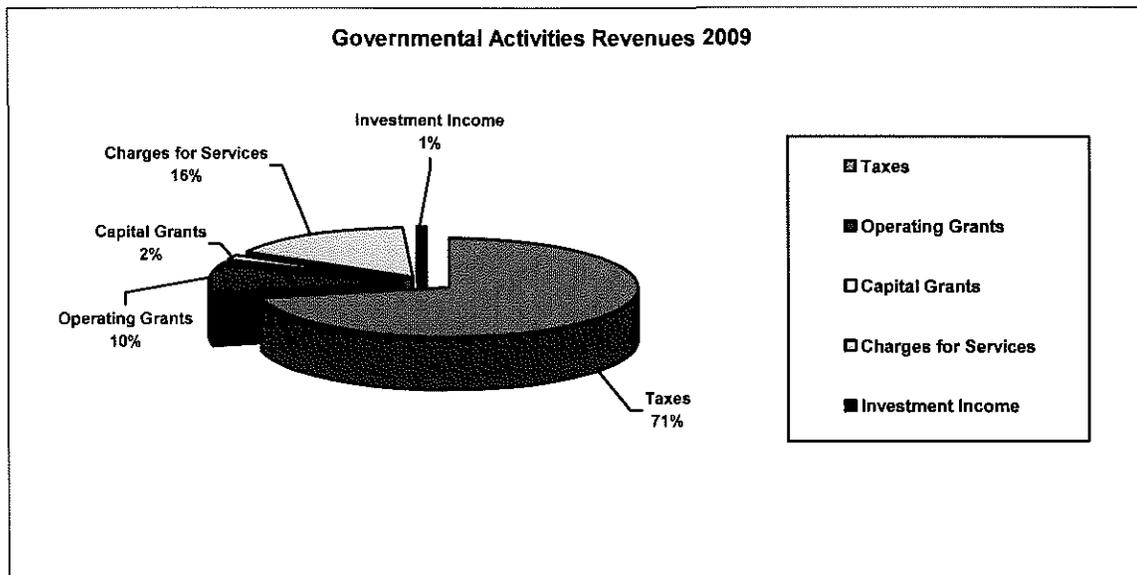
	Governmental		Business-type		Total	
	Activites		Activites			
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues:						
Program revenues:						
Charges for services	\$ 112.5	110.1	221.7	225.0	334.2	335.1
Operating grants and contributions	73.6	72.9	2.7	4.3	76.3	77.2
Capital grants and contributions	12.7	14.3	35.1	28.1	47.8	42.4
General revenues:					0.0	0.0
Taxes	509.5	473.7	—	—	509.5	473.7
Investment income	6.0	12.2	5.2	10.7	11.2	22.9
Total revenue	<u>714.3</u>	<u>683.2</u>	<u>264.7</u>	<u>268.1</u>	<u>979.0</u>	<u>951.3</u>
Expenses:						
General Government	85.7	74.2	—	—	85.7	74.2
Convention and tourism	4.5	4.4	—	—	4.5	4.4
Parks and recreation	33.4	31.3	—	—	33.4	31.3
Judicial	56.2	50.7	—	—	56.2	50.7
Streets	63.6	62.5	—	—	63.6	62.5
Public Safety:			—	—	0.0	0.0
Fire	70.6	69.7	—	—	70.6	69.7
Police -- Payment to the Police	146.9	143.5	—	—	146.9	143.5
Police Pension	8.2	12.9	—	—	8.2	12.9
Other	60.0	63.7	—	—	60.0	63.7
Health and welfare	54.2	45.7	—	—	54.2	45.7
Public service	59.2	70.0	—	—	59.2	70.0
Community development	61.9	60.6	—	—	61.9	60.6
Interest on long-term debt	54.7	50.0	—	—	54.7	50.0
Airport	—	—	175.8	215.7	175.8	215.7
Water division	—	—	47.5	45.1	47.5	45.1
Parking division	—	—	14.4	14.6	14.4	14.6
Total expenses	<u>759.1</u>	<u>739.2</u>	<u>237.7</u>	<u>275.4</u>	<u>996.8</u>	<u>1,014.6</u>
Increase (decrease) in net assets before gain and transfers	(44.8)	(56.0)	27.0	(7.3)	(17.8)	(63.3)
Transfers	8.3	8.7	(8.3)	(8.7)	—	—
Increase(decrease) in net assets	<u>(36.5)</u>	<u>(47.3)</u>	<u>18.7</u>	<u>(16.0)</u>	<u>(17.8)</u>	<u>(63.3)</u>
Net assets-beginning	213.8	261.1	1,224.0	1,240.0	1,437.8	1,501.1
Net assets-ending	<u>\$ 177.3</u>	<u>213.8</u>	<u>1,242.7</u>	<u>1,224.0</u>	<u>1,420.0</u>	<u>1,437.8</u>

Changes in net assets. The City's total revenue on a government-wide basis was \$979.0 million, an increase of \$27.7 million over the previous year. Taxes represent 52.0% of the City's revenue as compared with 49.8% last year. Additionally, 34.1% comes from fees charged for services, as compared to 35.2% of the previous year's revenue. The remainder is state and federal aid, interest earnings, and miscellaneous revenues.

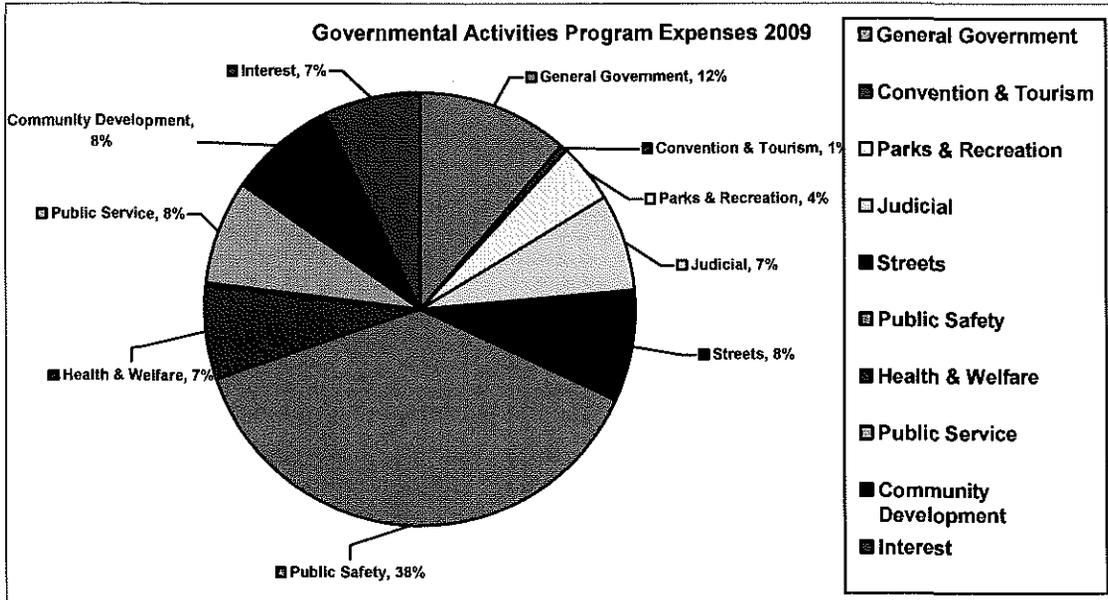
The total cost of all programs and services was \$996.8 million, a decrease from \$1,014.6 million last fiscal year. The City's expenses cover a range of typical City/county services. The largest program was the Airport. The program with the largest burden on general revenues was public safety.

Governmental activities. As a result of this year's operations, the net assets of governmental activities decreased by \$36.5 million or 17.1%. The net asset decrease is primarily related to the anticipated level of spending over the expected growth in revenues. Revenues increased by \$31.1 million or 4.6% due mainly to a change in telecommunication gross receipts and an additional sales tax for public safety. Total expenses increased by \$19.9 million or 2.7%.

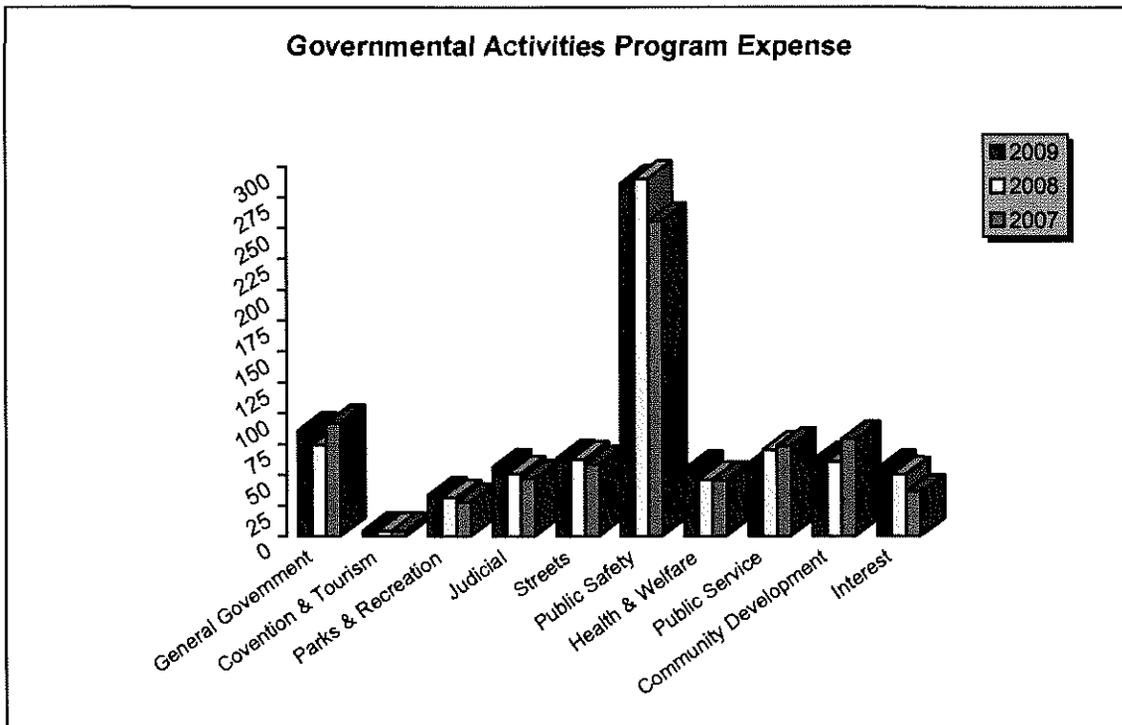
The following chart reflects the revenues by type as a percentage of total revenues for governmental activities for fiscal year 2009.



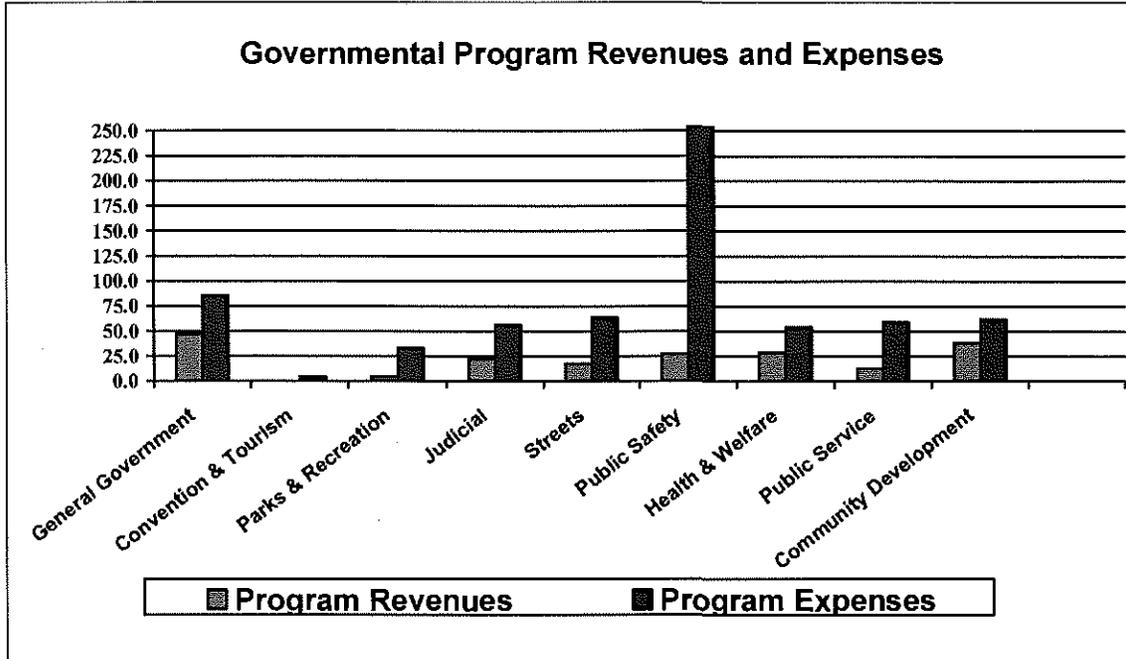
The following chart illustrates the City's governmental activities expenses by program. Total cost of governmental activities was \$759.1 million, an increase of \$19.9 million or 2.6% over the prior year. As shown, public safety is the largest function in expense (38%). The majority of the spending was the result of funding the Police Department \$147.0 million and the Fire Department \$70.6 million.



The following chart is a comparison of expense of governmental activities for fiscal years ended 2009, 2008, and 2007.



The following chart depicts the total expenses and total program revenues of the City's governmental functions.



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

	Total Cost of Services		Net Costs of Services	
	2009	2008	2009	2008
General Government	\$ 85.7	74.2	38.8	39.0
Convention and tourism	4.5	4.5	4.5	4.4
Parks and recreation	33.4	31.3	28.8	28.7
Judicial	56.2	50.7	34.2	27.8
Streets	63.6	62.5	45.8	46.6
Public Safety:				
Fire	70.6	69.7	62.9	63.0
Police--Payment to Police	146.9	143.5	146.9	143.5
Police pension	8.2	12.9	8.2	12.9
Other	60.0	63.7	40.2	43.9
Health and welfare	54.2	45.7	25.3	22.5
Public service	59.2	70.0	46.2	41.5
Community development	61.9	60.6	23.8	18.1
Totals	\$ 704.4	689.3	505.6	491.9

The preceding charts represent the cost of governmental activities this year excluding interest and fiscal charges. The cost this year was \$ 704.4 million compared with \$689.3 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 only \$505.6 million. The difference of \$198.8 million comprises charges for services (\$112.5 million), operating grants and contributions (\$73.6 million), and capital grants and contributions (\$12.7 million).

Business-Type activities. Business-type activities reflect an increase in net assets of \$18.7 million or 1.5%. This is due primarily to an increase in capital contributions received by the Airport from the federal government and a decrease in snow removal and deicer expense.

Lambert – St. Louis International Airport. The net assets of the Airport increased by \$19.6 million or 1.9%. The operating gain was \$1.0 million this year versus an operating loss of \$6.4 million in 2008. Total operating revenues for 2009 was \$134.4 million. Of this amount, major sources of operating revenue included aviation revenue (69.5%), concession revenue (16.3%), parking (11.5%), and lease revenue (2.7%). A significant non-operating revenue is passenger facility charges which accounts for \$24.3 million.

At June 30, 2009, the capital assets balance was \$1,653.5 million. This amount includes buildings and structures with \$178.3 million, pavings with \$646.4 million, and equipment with \$25.4 million, all net of accumulated depreciation. Land is \$750.6 million and construction in progress is \$52.8 million.

At June 30, 2009, the Airport had bonded debt of \$797.1 million.

Water Division. The net assets of the Water Division decreased by \$1.1 million or .8%. Operating income was \$2.1 million this year versus an operating income of \$1.2 million in 2008. Total operating revenues for 2009 was \$48.1million. Of this amount, major sources of operating revenue included metered revenue (43.4%) and flat rate revenue (43.9%).

At June 30, 2009, the capital assets balance was \$155.2 million. This amount includes buildings and structures (net of accumulated depreciation) with \$18.8 million, reservoirs and water mains with \$90.9 million, equipment with \$40.7 million, land with \$1.2 million, and construction-in-progress with \$3.6 million.

At June 30, 2009, the Water Division had bonded debt of \$23.0 million.

Parking Division. The net assets of the Parking Division increased by \$.2 million or .9%. Operating income was \$2.7 million this year versus an operating income of \$3.6 million in 2008. Total operating revenues for 2009 was \$13.9 million. Of this amount, major sources of operating revenue included parking meter revenue (20.2%), parking violations notices revenue (32.0%), and parking facilities revenue (44.5%).

At June 30, 2009, the capital assets balance was \$80.4 million. This amount includes buildings and parking garages (net of accumulated depreciation) \$44.0 million, parking meters and lot equipment \$1.2 million, equipment \$.8 million, land \$21.3 million and construction-in-progress \$13.1 million.

At June 30, 2009, the Parking Division had bonded debt of \$78.9 million.

The City of St. Louis, Missouri
Balance Sheet
Governmental Funds
June 20, 2009
(dollars in millions)

	<u>2009</u>	<u>2008</u>	<u>2009 vs. 2008</u> <u>\$ Change</u>	<u>2009 vs. 2008</u> <u>% Change</u>
Total Assets	\$ 422.0	464.9	(42.9)	-9.2%
Total Liabilities	167.1	185.9	(18.8)	-10.1%
Fund Balance:				
Reserved:	199.9	212.2	(12.3)	-5.8%
Unreserved:				
General fund	35.6	33.7	1.9	5.6%
Special revenue	30.1	42.3	(12.2)	-28.8%
Capital projects	(10.7)	(9.2)	(1.5)	16.3%
Total Fund Balance	254.9	279.0	(24.1)	-8.6%
Total Liabilities and Fund Balance	\$ 422.0	464.9	(42.9)	-9.2%

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. An unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the unreserved fund balance of the general fund was \$35.6 million, while the total general fund balance was \$62.1 million. As of June 30, 2008, the balances were \$33.7 million and \$54.9 million respectively. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers out. Unreserved fund balance of \$35.6 million represents 7.7% of total general fund expenditures and transfers out of \$463.3 million, while total general fund balance of \$62.1 million represents 13.4% of total general fund expenditures and transfers out. This compares with 5.7% and 9.2%, respectively, in fiscal year 2008.

The total fund balance in the City's general fund increased by \$7.2 million or 13.1 % in the current fiscal year. The City's general fund decreased by \$19.9 million or 26.6% in the prior fiscal year. The key factor in the increase of the general fund balance is primarily due to additional debt service reserves.

The capital projects fund ended the fiscal year with a negative unreserved fund balance of \$10.7 million and a total positive fund balance of \$113.9 million, as compared with a negative unreserved fund balance of \$9.3 million and a total positive fund balance of \$137.9 million in fiscal year 2008. Capital project bond proceeds were in place to cover all expenditures in excess of revenues for the capital projects fund.

The grants fund received \$73.6 million in intergovernmental revenues that funded community development in the amount of \$32.5 million, or 44.2%, and health and welfare in the amount of \$28.4 million, or 38.6%.

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 assets for the Airport was \$11.7 million, the Water Division a negative amount of \$4.4 million, and the Parking Division was \$4.3 million, as compared with \$20.8 million, negative \$1.1 million, and \$4.7 million, respectively in 2008. The total increase in net assets for the enterprise funds was \$18.8 million in the current year and decrease of \$16.0 million 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 Police Retirement System, and the Employee's Retirement System. As of the end of the current fiscal year, the net assets of the pension funds totaled \$1.7 billion a decrease of \$353.0 million from the previous year. The net decrease is primarily due to the decrease in market value of the pension funds' investment.

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 are no net assets to discuss. As of the end of the current fiscal year, the combined gross assets of the agency funds totaled \$68.5 million. This amount comprises activity from the collector of revenue, property tax escrow, general insurance, bail bonds, license collector, and circuit clerk, and other miscellaneous agency activities.

General Fund Budgetary Highlights

The final budget for the City's General Fund represents the original budget plus any previously appropriated funds set aside for the purpose of honoring legally incurred obligations (prior year encumbrances and commitments) plus any additional supplemental appropriations that may occur during the fiscal year. The general fund budget includes appropriations for the police department that is a component unit of the city. This discussion presents the budget information on the budgetary basis as the Board of Alderman approves the budget.

In the fiscal year, \$4.2 million had been set aside for prior year encumbrances and commitments, and there were no supplemental appropriations. The original general fund budget totaled \$460.9 million. Actual results for the fiscal year had revenues and transfers in falling short of original estimates by \$17.9 million, totaling \$443.0 million.

Actual expenditures and transfers out totaled \$453.6 million. This includes expenditures of \$3.2 million from prior year encumbrances and commitments. The encumbrances and commitments carried over into the next fiscal year in regard to the fiscal year 2009 budget total \$3.0 million. A transfer out of \$1.1 million was made to a 27th Pay Reserve. The General Fund ended the fiscal year with a budget basis operating deficit of \$10.7 million. As of June 30, 2009, the unreserved fund balance of the General Fund was \$6.3 million on a cash basis.

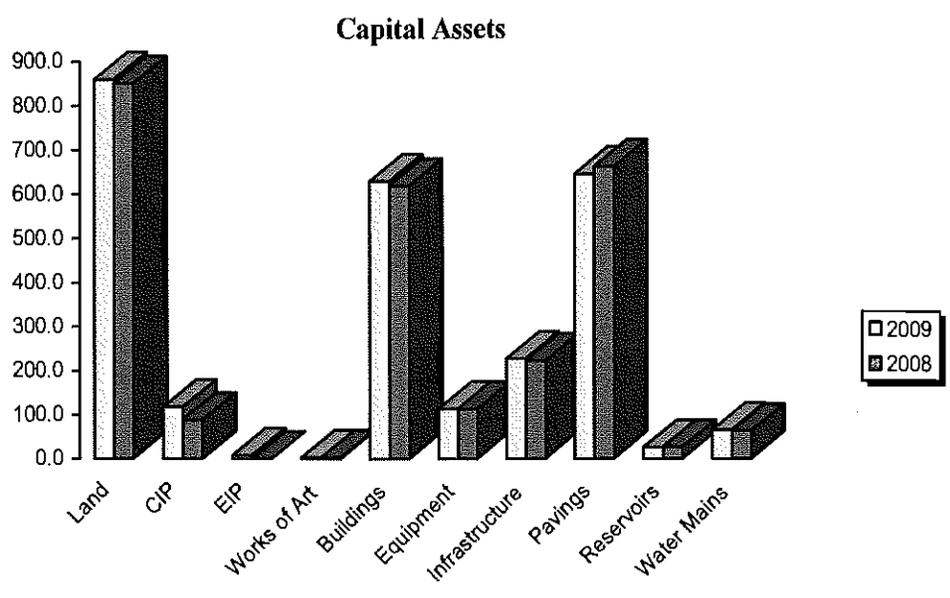
CAPITAL ASSETS AND DEBT ADMINISTRATION

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. This amount represents a net increase for the current fiscal year (including additions and deductions) of \$43.3 million, or 1.6%, over last year.

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

		Governmental Activities		Business-type Activities		Total	
		2009	2008	2009	2008	2009	2008
Land	\$	85.8	77.9	773.1	773.0	858.9	850.9
Construction in progress		48.5	51.5	69.5	37.4	118.0	88.9
Equipment in progress		7.9	—	—	—	7.9	—
Works of art		3.3	3.3	—	—	3.3	3.3
Buildings and improvements		388.9	378.5	241.1	241.9	630.0	620.4
Equipment		45.4	46.1	68.0	67.5	113.4	113.6
Infrastructure		227.8	223.3	—	—	227.8	223.3
Paving		—	—	646.4	663.6	646.4	663.6
Reservoirs		—	—	25.9	26.5	25.9	26.5
Water mains, lines, accessories		—	—	65.0	63.8	65.0	63.8
Total	\$	807.6	780.6	1,889.0	1,873.7	2,696.6	2,654.3



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 2009, the City had outstanding long-term debt obligations for governmental activities in the amount of \$909.3 million compared with \$890.8 million in fiscal year 2008. Of this amount, \$49.8 million are general obligation bonds and \$163.6 million are tax increment financing bonds. Leasehold revenue obligations outstanding totaled \$517.6 million.

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

	Fiscal Year 2009	Fiscal Year 2008	\$ change	% change
General obligation bonds payable	\$ 49.8	50.9	(1.1)	-2.2%
Section 108 Loan Guarantee				
Assistance Programs	53.2	56.0	(2.8)	-5.0%
Federal Financing Bank advances	0.6	0.6	0.0	0.0%
Tax increment financing bonds				
and notes payable	163.6	137.0	26.6	19.4%
Master note purchase agreement	0.1	0.1	0.0	0.0%
Loan agreement with Missouri				
Department of Natural Resources	0.5	1.0	(0.5)	-50.0%
Loan agreement with Missouri Transportation	4.2	4.5	(0.3)	-6.7%
Finance Corporation				
Capital lease—rolling stock	13.1	9.9	3.2	32.3%
Certificates of participation	9.1	0.0	9.1	—
Obligations with component units	40.0	49.7	(9.7)	-19.5%
Leasehold revenue improvement and				
refunding bonds	517.6	520.1	(2.5)	-0.5%
Joint venture financing agreement	57.5	61.0	(3.5)	-5.7%
Total	\$ 909.3	890.8	18.5	2.1%

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 2009 was \$468,315 million. The City's effective legal debt margin as of June 30, 2009 was \$427,741 million. For additional information on long-term debt, refer to the notes 13 to 16 to the basic financial statements.

The City's underlying general obligation credit ratings remained unchanged for fiscal year 2009. The City ratings on uninsured general obligation bonds as of June 30, 2009 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 2009	Fiscal Year 2008	\$ change	% change
Airport	\$ 797.1	818.8	(21.7)	-2.65%
Water Division	23.0	26.3	(3.3)	-12.55%
Parking Division	78.9	80.4	(1.5)	-1.87%
Total	\$ 899.0	925.5	(26.5)	-2.86%

Outstanding revenue bonds of the business-type activities of the City as of June 30, 2009 and June 30, 2008 were \$899.0 million and \$925.5 million, respectively. The amount reflects a decrease of \$26.5 million, or 2.86%. This amount includes Airport bonds of \$797.1 million, Water Division bonds of \$23.0 million, and Parking Division bonds of \$78.9 million. For additional information on revenue bonds of the business-type activities, refer to note 17 of the basic financial statements.

Economic Factors and Next Year's Budget

- The fiscal year 2010 annual operating budget allocates \$967.2 million among all budgeted funds, an increase of .6%.
- The fiscal year 2010 general fund budget is \$453.9 million compared with \$460.5 million in the prior year. This amount reflects a decrease of \$6.6 million, or 1.4%.
- Total positions for fiscal year 2010 is 7,195, an decrease of 113 positions mainly in the public safety and health departments.

Requests for Information

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

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



City of St. Louis, Missouri
Statement of Net Assets
June 30, 2009
(dollars in thousands)

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	SLDC	SLPD	SWMDC
ASSETS						
Cash and cash equivalents	\$ 78,724	18,020	96,744	11,739	884	1,179
Investments	10,182	1,680	11,862	—	2,012	1,499
Receivables, net	163,493	40,132	203,625	11,546	1,092	—
Inventories	—	4,359	4,359	—	1,093	—
Restricted assets	149,651	298,921	448,572	2,190	4,108	—
Deferred charges	15,695	33,071	48,766	—	—	—
Internal balances	9,557	(9,557)	—	—	—	—
Other assets	15	682	697	566	54	—
Receivable from primary government	—	—	—	2,383	4,212	—
Receivable from component unit	1,620	—	1,620	—	—	—
Net pension asset	33,294	—	33,294	—	—	—
Property held for development	—	—	—	13,868	—	—
Capital assets, net:						
Non-depreciable	145,503	842,592	988,095	4,914	1,912	—
Depreciable	662,111	1,046,438	1,708,549	9,247	29,313	5,752
Total assets	<u>1,269,845</u>	<u>2,276,338</u>	<u>3,546,183</u>	<u>56,453</u>	<u>44,680</u>	<u>8,430</u>
LIABILITIES						
Accounts payable and accrued liabilities	23,352	29,932	53,284	1,456	825	—
Accrued salaries and other benefits	7,185	7,618	14,803	—	3,183	—
Accrued interest payable	55,300	21,263	76,563	298	—	—
Unearned revenue	13,707	5,055	18,762	—	—	—
Other liabilities	2,434	—	2,434	—	—	—
Commercial paper payable	—	25,000	25,000	—	—	—
Notes payable	9,068	—	9,068	—	—	—
Payable to primary government	—	—	—	—	1,620	—
Payable to component units	6,195	400	6,595	—	—	—
Long-term liabilities:						
Due within one year	78,536	26,989	105,525	10,610	33,501	—
Due in more than one year	896,765	917,334	1,814,099	25,220	53,084	—
Total liabilities	<u>1,092,542</u>	<u>1,033,591</u>	<u>2,126,133</u>	<u>37,584</u>	<u>92,213</u>	<u>—</u>
NET ASSETS						
Invested in capital assets, net of related debt	510,743	1,094,296	1,605,039	2,397	31,225	5,752
Restricted:						
Debt service	1,491	93,923	95,414	2,190	—	—
Capital projects	—	6,677	6,677	—	—	—
Airport improvement program	—	6,545	6,545	—	—	—
Passenger facility charges	—	30,850	30,850	—	—	—
Statutory restrictions	31,293	—	31,293	—	4,412	—
Unrestricted (deficit)	(366,224)	10,456	(355,768)	14,282	(83,170)	2,678
Total net assets	<u>\$ 177,303</u>	<u>1,242,747</u>	<u>1,420,050</u>	<u>18,869</u>	<u>(47,533)</u>	<u>8,430</u>

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Statement of Activities
Year ended June 30, 2009
(dollars in thousands)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	SLDC	SLPD	SWMDC
Primary Government:									
Governmental activities:									
General government	\$ 85,680	37,706	—	(38,836)	—	(38,836)	—	—	—
Convention and tourism	4,504	19	—	(4,485)	—	(4,485)	—	—	—
Parks and recreation	33,431	4,516	131	(28,784)	—	(28,784)	—	—	—
Judicial	56,159	18,952	3,034	(34,173)	—	(34,173)	—	—	—
Streets	63,646	17,734	129	(45,783)	—	(45,783)	—	—	—
Public safety:									
Fire	70,572	7,669	—	(62,903)	—	(62,903)	—	—	—
Police—payment to SLPD	146,955	—	—	(146,955)	—	(146,955)	—	—	—
Police pension	8,196	—	—	(8,196)	—	(8,196)	—	—	—
Other	60,020	19,632	167	(40,221)	—	(40,221)	—	—	—
Health and welfare	54,223	494	28,384	(25,345)	—	(25,345)	—	—	—
Public service	59,218	253	41	(46,198)	—	(46,198)	—	—	—
Community development	61,859	5,524	32,539	(23,796)	—	(23,796)	—	—	—
Interest and fiscal charges	54,684	—	—	(54,684)	—	(54,684)	—	—	—
Total governmental activities	759,147	112,499	73,563	(560,359)	—	(560,359)	—	—	—
Business-type activities:									
Airport	175,758	159,061	35,122	—	21,108	21,108	—	—	—
Water Division	47,500	48,709	—	—	1,209	1,209	—	—	—
Parking Division	14,352	13,897	—	—	(455)	(455)	—	—	—
Total business-type activities	237,610	221,667	35,122	—	21,862	21,862	—	—	—
Total primary government	\$ 996,757	\$ 334,166	\$ 47,848	\$ (560,359)	\$ 21,862	\$ (538,497)	—	—	—
Component Units:									
SLDC	\$ 16,575	6,740	7,574	—	—	—	(2,261)	—	—
SLPD	184,852	3,950	1,347	—	—	—	—	(163,877)	—
SWMDC	315	348	275	—	—	—	—	—	308
Total component units	\$ 201,742	\$ 11,038	\$ 23,232	—	—	—	(2,261)	(163,877)	308
General revenues:									
Taxes:									
Property taxes, levied for general purpose				\$ 67,562	—	67,562	—	—	—
Property taxes, levied for debt service				4,810	—	4,810	—	—	—
Sales taxes				143,972	—	143,972	—	—	—
Earnings/payroll taxes				181,214	—	181,214	—	—	—
Gross receipts taxes (includes franchise tax)				108,178	—	108,178	—	—	—
Miscellaneous taxes				3,712	—	3,712	—	—	—
Unrestricted investment earnings				6,001	5,188	11,189	220	135	29
Support provided by City of St. Louis, Missouri				—	—	—	—	146,955	—
Gain on sale of capital assets				83	—	83	—	—	—
Transfers				8,301	(8,301)	—	—	—	—
Total general revenues and transfers				\$ 523,833	(3,113)	\$ 520,720	220	147,090	29
Change in net assets				(36,526)	18,749	(17,777)	(2,041)	(16,787)	337
Net assets—beginning of year				213,829	1,223,998	1,437,827	20,910	(30,746)	8,093
Net assets—end of year				\$ 177,303	\$ 1,242,747	\$ 1,420,050	\$ 18,869	\$ (47,533)	\$ 8,430

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Balance Sheet
Governmental Funds
June 30, 2009
(dollars in thousands)

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General Fund	Capital Projects Fund	Grants Fund	Other Governmental Funds	
ASSETS					
Cash and cash equivalents:					
Restricted	\$ 11,509	7,492	—	7,137	26,138
Unrestricted	18,967	10,303	—	47,795	77,065
Investments:					
Restricted	15,120	100,406	—	7,987	123,513
Unrestricted	828	798	3,495	5,015	10,136
Receivables, net of allowances					
Taxes	94,240	2,641	—	35,256	132,137
Licenses and permits	2,564	—	—	252	2,816
Intergovernmental	3,812	1,037	19,118	1,147	25,114
Charges for services	434	57	—	1,898	2,389
Notes and loans	—	—	—	56	56
Other	552	97	1	207	857
Due from component units	1,620	—	—	—	1,620
Due from other funds	17,878	—	—	2,306	20,184
Total assets	<u>\$ 167,524</u>	<u>122,831</u>	<u>22,614</u>	<u>109,056</u>	<u>422,025</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 3,997	8,547	7,438	2,264	22,246
Accrued salaries and other benefits	5,719	83	980	403	7,185
Due to component units	4,212	—	—	1,961	6,173
Due to other funds	1,290	235	14,258	962	16,745
Advance from other funds	16,090	—	—	—	16,090
Deferred revenue	72,480	43	—	23,753	96,276
Other liabilities	1,682	—	—	752	2,434
Total liabilities	<u>105,470</u>	<u>8,908</u>	<u>22,676</u>	<u>30,095</u>	<u>167,149</u>
Fund balances:					
Reserved:					
Encumbrances	1,617	31,442	—	6,337	39,396
Debt service	24,867	1,486	—	16,500	42,853
Special revenues	—	—	—	25,958	25,958
Capital projects	—	91,684	—	—	91,684
Unreserved, reported in:					
General fund	35,570	—	—	—	35,570
Special revenue funds	—	—	(62)	30,166	30,104
Capital projects fund	—	(10,689)	—	—	(10,689)
Total fund balances	<u>62,054</u>	<u>113,923</u>	<u>(62)</u>	<u>78,961</u>	<u>254,876</u>
Total liabilities and fund balances	<u>\$ 167,524</u>	<u>122,831</u>	<u>22,614</u>	<u>109,056</u>	<u>422,025</u>

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 Assets
June 30, 2009
(dollars in thousands)

Total fund balances—governmental funds—balance sheet \$ 254,876

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets and certain other assets used in governmental activities (excluding internal service fund capital assets) are not financial resources and, therefore, are not reported in the fund financial statements. 807,577

The City reports a net pension asset on the statement of net assets to the extent actual contributions to the City's retirement plans exceed the annual actuarial required contribution. This asset is not reported in the fund financial statements. Fluctuations in net pension assets are reported in the statement of activities. 33,294

Various taxes related to fiscal year 2009 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. 13,567

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, 2009 and payable on December 31, 2009 are deferred within the fund financial statements. However, revenue for this amount is recognized in the government-wide financial statements. 69,002

Internal service funds are used by management to charge the cost of risk management and mailroom 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 assets, net of amounts due from enterprise funds. 2,592

Bond issuance costs are reported in the governmental funds financial statements as expenditures when debt is issued, whereas the amounts are deferred and amortized over the life of the debt on the government-wide financial statements. 15,695

Notes payable applicable to the City's governmental activities are not due and payable using current financial resources and, accordingly, are not reported as liabilities within the fund financial statements. (9,068)

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 assets. 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, 2009 are:

Accrued compensated absences	(28,212)
Net pension obligation	(22,406)
Accrued interest payable on bonds	(55,300)
Landfill closure liability	(250)
Joint venture financing agreement	(57,516)
Certificates of participation	(9,100)
Obligation with component unit	(40,000)
Capital leases-rolling stock	(13,131)
Bonds and notes payable	(789,363)
Unamortized discounts	5,219
Unamortized premiums	(12,586)
Unamortized deferred amounts on refunding	12,413
	12,413

Total net assets—governmental activities—statement of net assets \$ 177,303

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, 2009
(dollars in thousands)

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General Fund	Capital Projects Fund	Grants Fund	Other Governmental Funds	
REVENUES					
Taxes	\$ 342,751	18,819	—	144,658	506,228
Licenses and permits	16,924	—	—	5,314	22,238
Intergovernmental	24,974	13,356	73,563	4,800	116,693
Charges for services, net	13,266	323	—	14,727	28,316
Court fines and forfeitures	11,127	—	—	—	11,127
Investment income	2,364	2,685	(2)	954	6,001
Interfund services provided	6,354	—	—	—	6,354
Miscellaneous	4,094	365	—	8,406	12,865
Total revenues	<u>421,854</u>	<u>35,548</u>	<u>73,561</u>	<u>178,859</u>	<u>709,822</u>
EXPENDITURES					
Current:					
General government	51,435	20	10,229	18,542	80,226
Convention and tourism	187	—	—	11	198
Parks and recreation	19,101	6,712	82	3,932	29,827
Judicial	49,250	—	2,933	3,039	55,222
Streets	30,216	4,287	188	2,809	37,500
Public Safety:					
Fire	60,972	—	—	1,038	62,010
Police	124,480	1,234	—	21,241	146,955
Police-pension	8,072	—	—	—	8,072
Other	47,100	—	73	10,270	57,443
Health and welfare	3,247	—	29,214	20,980	53,441
Public services	24,424	2,053	(676)	32,793	58,594
Community development	—	—	29,725	33,495	63,220
Capital outlay	—	65,785	—	1,830	67,615
Debt service:					
Principal	21,727	8,434	840	10,758	41,759
Interest and fiscal charges	17,124	4,676	953	25,887	48,640
Total expenditures	<u>457,335</u>	<u>93,201</u>	<u>73,561</u>	<u>186,625</u>	<u>810,722</u>
Deficiency of revenues over expenditures	<u>(35,481)</u>	<u>(57,653)</u>	<u>—</u>	<u>(7,766)</u>	<u>(100,900)</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	—	83	—	—	83
Issuance of SLMFC Certificates of Participation	9,100	—	—	—	9,100
Issuance of Convention Center 2008 leasehold revenue bonds	6,160	15,690	—	—	21,850
Bond discount on debt issuances	(525)	—	—	—	(525)
Issuance of capital lease-Rolling Stock	—	5,600	—	—	5,600
Issuance of tax increment financing notes	—	—	—	32,669	32,669
Issuance of Justice Center notes	9,069	(1)	—	—	9,068
Payment to refunded escrow agent-obligation with component unit	(9,354)	—	—	—	(9,354)
Transfers in	34,172	12,321	—	4,356	50,849
Transfers out	(5,958)	(41)	—	(36,549)	(42,548)
Total other financing sources (uses), net	<u>42,664</u>	<u>33,652</u>	<u>—</u>	<u>476</u>	<u>76,792</u>
Net change in fund balances	7,183	(24,001)	—	(7,290)	(24,108)
Fund balances:					
Beginning of year	54,871	137,924	(62)	86,251	278,984
End of year	<u>\$ 62,054</u>	<u>113,923</u>	<u>(62)</u>	<u>78,961</u>	<u>254,876</u>

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, 2009
(dollars in thousands)

Net change in fund balances—governmental funds—statement of revenues, expenditures, and changes in fund balances \$ (24,108)

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	67,615	
Capital contribution	270	
Loss on disposal of capital assets	(840)	
Depreciation expense	(43,215)	
		23,830

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	2,799	
Property taxes due in the fiscal year following the fiscal year in which they were assessed	1,346	
		4,145

Internal service funds are used by management to charge the cost of risk management and mailroom services to the individual funds. The net income of internal service funds attributable to governmental activities is reported on the statement of activities.

1,427

The City reports a net pension obligation/asset on the statement of net assets to the extent actual contributions to the City's retirement plans fall below/exceed the annual required contribution. This obligation/asset is not reported in the fund financial statements. Fluctuations in net pension obligations/assets are reported in the statement of activities.

(7,065)

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 assets, 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 assets.

Debt issued during the current year:		
Series 2008 Convention Center Tax Leasehold Revenue Bonds	(21,850)	
Series 2008 St. Louis Municipal Finance Corporation (SLMFC) Certificates of Participation	(9,100)	
Notes payable Justice Center 2008 Debt Service Reserve-short term debt	(9,068)	
Capital Lease-Rolling Stock	(5,600)	
Tax increment financing notes payable	(32,669)	
Repayments during the current year:		
Advance refunding of obligation with component unit	9,205	
Annual principal payments on bonds and notes payable	35,452	
Annual principal payments on joint venture financing agreement	3,512	
Annual principal payments on capital leases	2,310	
Annual principal payments on SLMFC Certificates of Participation	485	
		(27,323)

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 compensated absences	(1,912)	
Accrued interest payable on bonds	(6,114)	
Landfill closure liability	(150)	
Discounts on debt issuances, net of amortization	329	
Premiums on debt issuances, net of amortization	1,654	
Deferred bond issuance costs, net of amortization	(1,388)	
Deferred amounts on refundings, net of amortization	149	
		(7,432)

Change in net assets—governmental activities—statement of activities \$ (36,526)

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Statement of Fund Net Assets
Proprietary Funds
June 30, 2009
(dollars in thousands)

	Major Funds—Enterprise Funds				Internal Service Funds
	Lambert— St. Louis International Airport	Water Division	Parking Division	Total Enterprise Funds	
ASSETS					
Current assets:					
Cash and cash equivalents:					
Restricted cash and cash equivalents	\$ 62,895	5,295	1,612	69,802	—
Unrestricted cash and cash equivalents	5,336	3,927	8,757	18,020	1,659
Investments – unrestricted	—	3	1,677	1,680	46
Receivables, net of allowances:					
Intergovernmental	15,916	—	—	15,916	124
Charges for services	14,648	6,150	109	20,907	—
Passenger facility charges	3,248	—	—	3,248	—
Accrued interest	61	—	—	61	—
Prepaid assets	—	—	—	—	15
Due from other funds	—	—	—	—	5,056
Advance to other funds	—	—	—	—	16,090
Inventories	1,901	2,458	—	4,359	—
Other current assets	660	2	20	682	—
Total current assets	<u>104,665</u>	<u>17,835</u>	<u>12,175</u>	<u>134,675</u>	<u>22,990</u>
Noncurrent assets:					
Cash and cash equivalents-restricted					
Investments – restricted	7,548	—	—	7,548	—
Capital assets:	202,027	7,872	11,672	221,571	—
Property, plant, and equipment	1,465,444	273,107	64,600	1,803,151	137
Less accumulated depreciation	(615,353)	(122,716)	(18,644)	(756,713)	(100)
Land	850,091	150,391	45,956	1,046,438	37
Construction-in-progress	750,557	1,238	21,318	773,113	—
Capital assets, net	52,828	3,550	13,101	69,479	—
Deferred charges and other assets	1,653,476	155,179	80,375	1,889,030	37
Total noncurrent assets	<u>31,055</u>	<u>203</u>	<u>1,813</u>	<u>33,071</u>	<u>—</u>
Total assets	<u>1,894,106</u>	<u>163,254</u>	<u>93,860</u>	<u>2,151,220</u>	<u>37</u>
Total assets	<u>1,998,771</u>	<u>181,089</u>	<u>106,035</u>	<u>2,285,895</u>	<u>23,027</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	10,354	2,127	1,960	14,441	1,106
Accrued salaries and other benefits	1,555	588	121	2,264	—
Accrued vacation and compensatory time benefits	3,572	1,636	146	5,354	—
Contracts and retainage payable	15,491	—	—	15,491	—
Accrued interest payable	20,586	542	135	21,263	—
Current portion of revenue bonds	21,670	3,440	1,879	26,989	—
Commercial paper payable	25,000	—	—	25,000	—
Due to other funds	4,176	3,788	473	8,437	58
Due to component unit	—	—	400	400	22
Claims payable	—	—	—	—	20,369
Deferred revenue	1,301	1,852	1,902	5,055	—
Total current liabilities	<u>103,705</u>	<u>13,973</u>	<u>7,016</u>	<u>124,694</u>	<u>21,555</u>
Noncurrent liabilities:					
Revenue bonds payable, net	796,434	19,094	71,119	886,647	—
Deposits held for others	—	1,610	—	1,610	—
Other liabilities	20,978	6,592	1,507	29,077	—
Total noncurrent liabilities	<u>817,412</u>	<u>27,296</u>	<u>72,626</u>	<u>917,334</u>	<u>—</u>
Total liabilities	<u>921,117</u>	<u>41,269</u>	<u>79,642</u>	<u>1,042,028</u>	<u>21,555</u>
NET ASSETS					
Invested in capital assets, net of related debt	950,263	132,645	11,388	1,094,296	37
Restricted:					
Debt service	78,332	4,880	10,711	93,923	—
Capital projects	—	6,677	—	6,677	—
Airport improvement program	6,545	—	—	6,545	—
Passenger facility charges	30,850	—	—	30,850	—
Unrestricted (deficit)	11,664	(4,382)	4,294	11,576	1,435
Total net assets	<u>\$ 1,077,654</u>	<u>139,820</u>	<u>26,393</u>	<u>1,243,867</u>	<u>1,472</u>

Amounts reported for business-type activities in the government-wide statement of net assets are different because:

Certain internal service fund activities are included within business-type activities	(1,120)
Net assets of business-type activities—government-wide statement of net assets	<u>\$ 1,242,747</u>

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Statement of Revenues, Expenses, and
Changes in Fund Net Assets
Proprietary Funds
Year ended June 30, 2009
(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	\$ 93,419	—	—	93,419	—
Concessions	21,981	—	—	21,981	—
Water sales	—	45,208	—	45,208	—
Lease revenue	3,626	—	—	3,626	—
Parking, net	15,423	—	13,897	29,320	—
Charges for services	—	—	—	—	22,968
Intergovernmental revenue	—	—	—	—	264
Miscellaneous	—	2,906	—	2,906	—
Total operating revenues	<u>134,449</u>	<u>48,114</u>	<u>13,897</u>	<u>196,460</u>	<u>23,232</u>
OPERATING EXPENSES					
Claims incurred	—	—	—	—	18,269
Premiums	—	—	—	—	2,986
Personal services	42,665	16,100	6,797	65,562	507
Material and supplies	5,099	10,355	244	15,698	29
Purchased power	—	2,417	—	2,417	—
Contractual services	35,597	5,835	1,101	42,533	—
Miscellaneous	(62)	3,235	852	4,025	—
Depreciation and amortization	47,429	4,943	2,159	54,531	14
Interfund services used	2,755	3,145	73	5,973	—
Total operating expenses	<u>133,483</u>	<u>46,030</u>	<u>11,226</u>	<u>190,739</u>	<u>21,805</u>
Operating income	<u>966</u>	<u>2,084</u>	<u>2,671</u>	<u>5,721</u>	<u>1,427</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenue	2,683	—	—	2,683	—
Investment income	4,343	464	381	5,188	—
Interest expense	(40,575)	(1,412)	(3,108)	(45,095)	—
Passenger facility charges	24,299	—	—	24,299	—
Amortization of bond issue costs	(1,478)	(36)	—	(1,514)	—
Loss on disposal of capital assets	(222)	(22)	—	(244)	—
Miscellaneous, net	313	595	(18)	890	—
Total nonoperating revenues (expenses), net	<u>(10,637)</u>	<u>(411)</u>	<u>(2,745)</u>	<u>(13,793)</u>	<u>—</u>
Income (loss) before transfers and capital contributions	<u>(9,671)</u>	<u>1,673</u>	<u>(74)</u>	<u>(8,072)</u>	<u>1,427</u>
Transfers in	—	—	607	607	—
Transfers out	(5,831)	(2,777)	(300)	(8,908)	—
Capital contributions	35,122	—	—	35,122	—
Change in net assets	<u>19,620</u>	<u>(1,104)</u>	<u>233</u>	<u>18,749</u>	<u>1,427</u>
Total net assets—beginning of year	<u>1,058,034</u>	<u>140,924</u>	<u>26,160</u>	<u>1,225,118</u>	<u>45</u>
Total net assets—end of year	<u>\$ 1,077,654</u>	<u>139,820</u>	<u>26,393</u>	<u>1,243,867</u>	<u>1,472</u>

Change in net assets reported for business-type activities in the government-wide statement of activities are different because:

Certain internal service fund activities are included within business-type activities	—
Change in net assets of business-type activities—government-wide statement of activities	<u>\$ 18,749</u>

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2009
(dollars in thousands)

	Major Funds—Enterprise Funds				Internal Service Funds
	Lambert— St. Louis International Airport	Water Division	Parking Division	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 145,598	47,658	14,107	207,363	18,745
Other operating cash receipts	—	—	54	54	—
Payments to suppliers of goods and services	(48,539)	(20,889)	(2,884)	(72,312)	(17,365)
Payments to employees	(42,363)	(15,747)	(6,830)	(64,940)	(262)
Payments for interfund services used	(2,309)	(3,644)	—	(5,953)	—
Net cash provided by operating activities	52,387	7,378	4,447	64,212	1,118
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interest paid on share of bond pension liability	—	(234)	—	(234)	—
Transfers from other funds	—	—	607	607	—
Transfers to other funds	(5,831)	(2,848)	(300)	(8,979)	—
Net cash provided by (used in) noncapital financing activities	(5,831)	(3,082)	307	(8,606)	—
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Cash collections from passenger facility charges	24,744	—	—	24,744	—
Receipts from federal financing assistance	27,180	—	—	27,180	—
Acquisition and construction of capital assets	(53,651)	(4,338)	(10,674)	(68,663)	—
Proceeds from sale of surplus property	1,551	—	—	1,551	—
Proceeds from issuance of commercial paper	28,000	—	—	28,000	—
Principal paid on commercial paper	(4,000)	—	—	(4,000)	—
Principal paid on revenue bond maturities	(21,725)	(3,300)	(1,546)	(26,571)	—
Cash paid for interest	(41,869)	(1,100)	(3,494)	(46,463)	—
Proceeds from lease termination and other	—	629	500	1,129	—
Net cash used in capital and related financing activities	(39,770)	(8,109)	(15,214)	(63,093)	—
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(612,110)	(74,546)	(86,817)	(773,473)	—
Proceeds from sales and maturities of investments	615,049	81,160	97,363	793,572	—
Investment income	4,036	510	496	5,042	—
Net cash provided by investing activities	6,975	7,124	11,042	25,141	—
Net increase in cash and cash equivalents	13,761	3,311	582	17,654	1,118
Cash and cash equivalents:					
Beginning of year:					
Unrestricted	8,891	1,884	3,661	14,436	587
Restricted	53,127	4,027	6,126	63,280	—
	62,018	5,911	9,787	77,716	587
End of year:					
Unrestricted	5,336	3,927	1,612	10,875	1,705
Restricted	70,443	5,295	8,757	84,495	—
	\$ 75,779	9,222	10,369	95,370	1,705
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 966	2,084	2,671	5,721	1,427
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	47,429	4,942	2,159	54,530	14
Changes in assets and liabilities:					
Receivables, net	3,774	292	(23)	4,043	(124)
Inventories	(66)	(678)	—	(744)	—
Other assets, net	(209)	—	20	(189)	29
Accounts payable, accrued liabilities, accrued salaries and other benefits	(3,251)	208	224	(2,819)	815
Claims payable	—	—	—	—	3,520
Deferred revenue	113	222	(36)	299	—
Due to/from other funds	446	1,070	(615)	901	(842)
Advance to other funds	—	—	—	—	(3,721)
Advance from other funds	—	(585)	—	(585)	—
Deposits held for others	—	(199)	—	(199)	—
Other long term liabilities	3,185	22	47	3,254	—
Total adjustments	51,421	5,294	1,776	58,491	(309)
Net cash provided by operating activities	\$ 52,387	7,378	4,447	64,212	1,118
Supplemental disclosure for noncash activities:					
Loss on disposal of surplus property	\$ (222)	\$ (22)	\$ —	\$ (244)	—
Unrealized gain on investments	\$ 510	\$ 3	\$ 155	\$ 668	—

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009
(dollars in thousands)

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents—unrestricted	\$ 14,808	31,793
Cash and cash equivalents—restricted	—	5,042
Investments—unrestricted	—	3,353
Pension trust investments—unrestricted:		
U. S. government securities	87,150	—
Corporate bonds	125,129	—
Domestic bond funds	46,180	—
Stocks	635,460	—
Foreign government and corporate obligations	18,681	—
Mortgage-backed securities	65,141	—
Collective investment funds	288,796	—
Real estate group annuity and equities	156,531	—
Investment property	1,589	—
Hedge funds	44,253	—
Money market mutual funds and other short-term investments	68,287	—
Managed international equity funds	114,076	—
Total investments	1,651,273	—
Securities lending collateral	108,304	—
Receivables, net of allowances:		
Taxes	—	27,464
Contributions	1,551	—
Accrued interest	3,357	—
Other	8,252	870
Capital assets	456	—
Total assets	1,788,001	68,522
LIABILITIES		
Accounts payable and accrued liabilities	1,771	2,362
Deposits held for others	1,064	32,625
Due to other governmental agencies	—	33,535
Securities lending collateral liability	108,304	—
Other liabilities	7,600	—
Total liabilities	118,739	68,522
NET ASSETS		
Net assets held in trust for pension benefits	\$ 1,669,262	—

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year ended June 30, 2009
(dollars in thousands)

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Members	\$ 7,500
Employers	48,219
Investment income:	
Interest and dividends	38,318
Class action settlements	85
Net depreciation in fair value of investments	<u>(307,493)</u>
	(269,090)
Less investment expense	<u>(7,936)</u>
Net investment income	<u>(277,026)</u>
Total additions	<u>(221,307)</u>
DEDUCTIONS	
Benefits	123,519
Refunds of contributions	5,328
Administrative expense	<u>2,715</u>
Total deductions	<u>131,562</u>
Net decrease	(352,869)
Net assets held in trust for pension benefits:	
Beginning of year	<u>2,022,131</u>
End of year	<u>\$ 1,669,262</u>

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2009
(dollars in thousands)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of St. Louis, Missouri (the City) is a constitutional charter City not a part of any county, which is organized and exists under and pursuant to the constitution and laws of the State of Missouri (the State). The City's current form of government is provided for in its charter, which first became effective in 1914 and has been subsequently amended by City voters. The City provides a wide range of municipal services as follows: fire 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:

a. 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 (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

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2009
(dollars in thousands)

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, 2008 but had no financial activities as of 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 assets and statement of activities include the financial data of the City's three 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 activity of the City. SLDC combined 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, the Planned Industrial Expansion Authority, the Local Development Company, 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.

The Metropolitan Police Department of the City of St. Louis, Missouri (SLPD)

The SLPD, established by state statute, is administered by a five-member board of commissioners, the mayor, and four members appointed by the governor. The City is obligated to provide a minimum level of funding for the operations of the SLPD. SLPD's operating budget is prepared and submitted to the City for approval. SLPD has no authority to levy a tax or issue debt in its name, and therefore, is fiscally dependent on the City for substantially all of its funding.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2009
(dollars in thousands)

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 1015 Locust Street St. Louis, Missouri 63101	The Metropolitan Police Department of the City of St. Louis, Missouri 1200 Clark Avenue St. Louis, Missouri 63103
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3) Change in Reporting Entity

The City included Forest Park Forever, Inc. (FPF) as a discretely presented component unit as of June 30, 2008. During 2009, the City determined that the economic resources held by FPF for the direct benefit of the City are not significant to the City and, hence, the City has recorded a change in their reporting entity and FPF is not presented as a discretely presented component unit as of and for the year ended June 30, 2009.

4) Related Organizations

The City’s officials are also responsible for appointing the voting majority of board members for other organizations, but the City’s accountability for these organizations does 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.

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5) Joint Venture

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

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

6) Pension Trust Funds

Financial information for the pension trust funds has been included within the accompanying financial statements as of September 30, 2008, which is the fiscal year end of the retirement plans, which falls within the City's current fiscal year end.

b. Government-wide and Fund Financial Statements

The government-wide financial statements (that is, the statement of net assets 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

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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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 assets for governmental activities as shown on the statement of net assets. The net change in fund balance for all governmental funds is reconciled to the total change in net assets 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 three internal service funds (governmental activities): PFPC, mailroom services, and health. 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 assets, 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.

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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, and health. 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.

In the government-wide and proprietary fund financial statements, the City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as the following private-sector pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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3) Fiduciary Fund Types

Trust and Agency—Trust and agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, or other governmental units. These include pension trust funds and agency funds. Pension trust funds are accounted for and reported similar to proprietary funds. The pension trust funds account for the Firemen’s Retirement System of St. Louis, Police Retirement System of St. Louis, and the Employees’ Retirement System of the City of St. Louis 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, and other agency operations.

c. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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.

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

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

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

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

d. 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. The City tax rate levied in November 2008 was \$1.3225 per \$100 (in dollars) of assessed valuation of which \$1.2276 (in dollars) is for the general fund and \$0.0949 (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.

e. 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.

f. Inventories

Purchase of materials and supplies in the governmental fund types are charged to expenditures as incurred. Amounts of inventories in such funds are immaterial. For the enterprise fund type, 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.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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g. Capital Assets

1) Governmental Activities Capital Assets

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

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

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

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

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

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

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

	<u>Years</u>
Buildings	40 to 99
Improvements other than buildings	20 to 40
Equipment	5 to 20
Infrastructure	18 to 50

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

2) Business-type Activities Capital Assets

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

3) Airport

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

	<u>Years</u>
Pavings	18 to 30
Buildings and facilities	20 to 30
Equipment	2 to 20

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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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 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 capital assets are as follows:

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

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

5) Parking Division

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

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

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.

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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 maintained infrastructure asset records consistent with all other capital assets. SLDC generally capitalizes assets with costs of \$2,500 (not in thousands) 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 as follows:

	Years
Buildings and structures	40
Improvements other than buildings (includes infrastructure)	3 to 15
Furniture, fixtures, and equipment	3 to 10

8) Component Unit—SLPD

Capital assets are capitalized at cost or estimated historical cost. Donated capital assets are valued at estimated fair market value as of the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets over the capitalization levels are depreciated. SLPD's capitalization threshold is \$5.

Depreciation is computed using the straight-line method (with the 1/2-year convention election applied in the first and last year) over the following estimated useful lives:

	Years
Buildings	50 – 100
Building improvements	10 – 15
Furniture and fixtures and other Equipment	5 – 8
Automotive equipment	3
Communication equipment	5
Computer and software	3

9) 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.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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h. 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 assets/statement of fund net assets.

i. 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 PFC is 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.

j. 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.

k. 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.

l. Amortization

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, bond premiums are recorded as an addition to the debt obligation, and bond issuance costs are recorded as a deferred charge. Such amounts are amortized using the interest method or bonds-outstanding method over the term of the related revenue bonds. The deferred amount on refunding is amortized as a component of interest expense over the remaining life of the bonds using the bonds-outstanding method.

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 reported as debt service expenditures.

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

m. Compensated Absences

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. Compensatory time is granted to certain employees for hours worked in excess of a normal week that are not taken within the current bi-weekly pay period. These benefits are allowed to accumulate and carry over, with limitations, into the next calendar year and will be paid to employees upon departure from service for any reason. The entire accrued benefit liability related to the City's compensated absences has been recorded in the government-wide financial statements and in the proprietary funds in the fund financial statements. Certain 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, 2009.

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 balances for those employees who will be eligible to retire within five years.

Component Unit—SLPD

Banked overtime is granted to certain employees for hours worked in excess of their normal workday that are not taken within the current bi-weekly pay period. Banked overtime is allowed to accumulate up to 40 hours and will be paid to employees upon resignation, retirement, or death.

Vacation is granted to all full-time employees based on years of continuous service.

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 85 points (years of service plus age) or age 65 will be paid 50% of their unused sick leave.

n. Encumbrances

Within the governmental fund financial statements, fund balance is reserved for outstanding encumbrances, which serves as authorization for expenditures in the subsequent year. Of encumbrances outstanding at year-end, \$35,374 will remain in force and will be liquidated under the current year's budget and \$4,022 will automatically be re-appropriated and re-encumbered as part of subsequent year budgets.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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o. 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.

p. Reserved Fund Balance

Within the governmental fund financial statements, reserved fund balance represents the portion of fund balance that is not available for subsequent year appropriation and is legally segregated for a specific future use. In addition to encumbrances, reserved fund balances at June 30, 2009 are comprised of the following:

1) General Fund

Cash and investments with trustees to be used for debt service related to various projects.

2) Capital Projects Fund

Cash and investments with trustees to be used for debt service and construction related to various capital projects, and the proceeds of capital improvement sales tax restricted for construction.

3) Other Governmental Funds

Cash and investments with a trustee to be used for debt service of tax increment financing bonds and notes payables and other bond principal payments, use tax funding for affordable housing, health and building demolition, transportation sales tax, lateral sewer repair program funds, licensed gaming revenue, parks and recreation sales tax, public safety sales tax, and Forest Park maintenance.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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q. Net Assets

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

- 1) Invested in Capital Assets, Net of Related Debt
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 assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. Net assets 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 assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

r. 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.

s. 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.

t. Individual Fund Deficit

At June 30, 2009, the grants fund has a deficit fund balance of \$(62). This amount will be offset by future commissions. The extraordinary expenses special revenue fund has deficit fund balance of \$(331). This amount will be offset by charges for services to other funds in future years.

u. Adoption of New Accounting Pronouncements

Effective July 1, 2008 the City adopted GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement addresses accounting and financial reporting standards for pollution (including contaminations) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The City has determined that the adoption of this statement has no material effect on its financial statements.

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

v. Reclassifications

Certain 2008 amounts included within the notes to the basic financial statements have been reclassified to conform with current year presentation.

2. DEPOSITS AND INVESTMENTS

a. Primary Government

The following is a reconciliation of the City's deposit and investment balances as of June 30, 2009:

As the investment strategies and associated risks for the Firemen's Retirement System of St. Louis (Firemen's System), Police Retirement System of St. Louis (Police System), and Employees' Retirement System of the City of St. Louis (Employees' System) are substantially different than those of the remainder of the primary government, the deposit and investment disclosures for the Firemen's System, Police System, and Employees' System are presented separately from those of the remainder of the primary government.

	<u>Cash and Cash and Equivalents</u>	<u>Investments</u>	<u>Restricted Assets</u>	<u>Total</u>
Government-wide statement of net assets	\$ 96,744	11,862	448,572	557,178
Fiduciary statement of fiduciary net assets—agency funds	36,835	3,353	—	40,188
Total primary government excluding pension trust funds	<u>133,579</u>	<u>15,215</u>	<u>448,572</u>	<u>597,366</u>
Fiduciary statement of fiduciary net assets—pension trust funds:				
Firemen's System	7,841	413,644	—	421,485
Police System	6,918	649,011	—	655,929
Employees' System	49	588,618	—	588,667
Total pension trust funds	<u>14,808</u>	<u>1,651,273</u>	<u>—</u>	<u>1,666,081</u>
Total primary government	<u>\$ 148,387</u>	<u>1,666,488</u>	<u>448,572</u>	<u>2,263,447</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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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 assets/balance sheet/statement of fund net assets 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 assets/balance sheet/statement of fund net assets, but as investments for custodial risk disclosure.

As of June 30, 2009, the primary government (excluding the pension trust funds) had the following cash deposits and investments:

Federal National Mortgage Association	\$	80,996
Federal Home Loan Mortgage Corp.		76,652
Federal Home Loan Bank		151,113
United States Treasuries		5,228
Federal National Mortgage Pool		7,315
Freddie Mac		1,002
Government Backed Trusts		840
Money Market Mutual Funds		80,071
Certificates of Deposit		37,154
Other Cash Deposits		156,995
	\$	597,366

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; provided, however, that no such investment shall be purchased at a price in excess of par. In addition, the City may enter into repurchase agreements maturing and becoming payable within 90 days secured by U.S. Treasury obligations or obligations of the U.S. Government agencies or instrumentalities of any maturity as provided by law. City funds in the form of cash on deposit or time certificates of deposit are required to be insured or collateralized by authorized investments held in the City's name.

Additionally, the City's indentures with its bond trustees also permit City bond proceeds to be invested in commercial paper having an original maturity of 270 days or less and rated "A-1" or better by Standard & Poor's Corporation and "P-1" by Moody's Investors Service, money market funds rated "AAAM" or "AAAM-G" by Standard & Poor's Corporation, and other obligations fully and unconditionally guaranteed by the U.S. Government. These investments, while permitted by the indentures with the bond

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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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 15 years, and up to 30 years with the approval of the Treasurer.

The investments of the primary government (excluding the pension trust funds) had the following maturities on June 30, 2009:

	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Federal National					
Mortgage Association	\$ 80,996	45,138	33,378	2,480	—
Federal Home Loan					
Mortgage Corp.	76,652	73,441	3,211	—	—
Federal Home Loan Bank	151,113	132,120	14,009	—	4,984
United States Treasuries	5,228	5,228	—	—	—
Federal National					
Mortgage Pool	7,315	7,315	—	—	—
Freddie Mac	1,002	1,002	—	—	—
Government Backed					
Trusts	840	—	840	—	—
Money Market Mutual					
Funds	80,071	80,071	—	—	—
	<u>\$ 403,217</u>	<u>344,315</u>	<u>51,438</u>	<u>2,480</u>	<u>4,984</u>

Credit Risk

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

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Notes to Basic Financial Statements, Continued
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The investments of the primary government (excluding the pension trust funds) were rated as follows by Moody's Investors Service, Standard & Poor's Corporation, or Fitch's Ratings Service as of June 30, 2009:

	<u>Fair Value</u>	<u>AAA</u>	<u>Aaa</u>	<u>A-1+</u>	<u>P-1</u>	<u>Not Rated</u>
Federal National						
Mortgage Association \$	80,996	9,753	2,479	35,991	—	32,773
Federal Home Loan						
Mortgage Corp.	76,652	3,617	3,693	69,159	183	—
Federal Home Loan Bank	151,113	28,134	—	122,979	—	—
United States Treasuries*	5,228	2,733	—	—	—	2,495
Federal National						
Mortgage Pool	7,315	7,315	—	—	—	—
Freddie Mac	1,002	1,002	—	—	—	—
Government Backed						
Trusts	840	840	—	—	—	—
Money Market Mutual						
Funds	80,071	75,191	—	—	—	4,880
	<u>\$ 403,217</u>	<u>128,585</u>	<u>6,172</u>	<u>228,129</u>	<u>183</u>	<u>40,148</u>

*United States Treasuries are explicitly guaranteed by the United States government.

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 U.S. or an agency or instrumentality of the U.S., 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, 2009, the following City investments are held by the counterparty's trust department or agent, and are not in the City's name: \$7,821 of Federal National Mortgage Association securities, \$14,280 of Federal Home Loan Mortgage Corporation securities, \$62,269 Federal Home Loan Bank securities, and \$2,733 of U.S. Treasury 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.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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Concentration of Credit Risk

The Investment Policy provides that, with the exception of U.S. Treasury Securities, no more than 35% of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

At June 30, 2009, the concentration of the City's deposits and investments was as follows:

Federal National Mortgage Association	13.56	%
Federal Home Loan Mortgage Corp.	12.83	
Federal Home Loan Bank	25.30	
United States Treasuries	0.88	
Federal National Mortgage Pool	1.22	
Freddie Mac	0.17	
Government Backed Trusts	0.14	
Money Market Mutual Funds	13.40	
Certificates of Deposit	6.22	
Other Cash Deposits	26.28	
	100.00	
	100.00	

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

As of September 30, 2008, the Firemen's System had the following cash deposits and investments:

Common stock	\$	182,766
Collective investment—equity		34,612
Hedge funds—equity		20,472
Corporate obligations		111
Collective investment—bonds		98,192
Real estate investment trust		47,828
Money market funds		29,663
Other cash deposits		7,841
	\$	421,485
		421,485

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.

A major portion of the Firemen's System's investment holdings are invested in equity securities (corporate stocks, collective investment funds, and a hedge fund) that are subject to domestic and international stock market earnings results. These equity market conditions deteriorated significantly subsequent to the Fireman's System's September 30, 2008 fiscal year end. This

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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market condition change will not affect current retirees or future retiree benefits, but will require increased contributions by the City in the future.

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

The following schedule provides a summary of the investment maturities by investment type, which helps demonstrate the current level of interest rate risk assumed by the Firemen's System as of September 30, 2008:

	Fair Value	No Maturity	Investment maturities (in years)			
			Less than 1	1-5	6-10	More than 10
Common stock	\$ 182,766	182,766	—	—	—	—
Collective investment - equity	34,612	34,612	—	—	—	—
Hedge fund - equity	20,472	20,472	—	—	—	—
Corporate obligation	111	—	—	—	—	111
Collective investment- bonds	98,192	—	3,162	41,417	42,606	11,007
Real estate investment trust	47,828	47,828	—	—	—	—
Money market funds	29,663	29,663	—	—	—	—
	<u>\$ 413,644</u>	<u>315,341</u>	<u>3,162</u>	<u>41,417</u>	<u>42,606</u>	<u>11,118</u>

The Firemen's System's 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, 2008:

Credit Rating Level	Common Stock	Collective Investment	Hedge Fund	Corporate Obligations	Real Estate Investment	Money Market
AAA	\$ —	73,055	—	111	—	—
AA	—	5,725	—	—	—	—
A	—	7,129	—	—	—	—
BBB	—	12,244	—	—	—	—
N/A	182,766	—	—	—	—	—
Not Rated	—	34,651	20,472	—	47,828	29,663
	<u>\$ 182,766</u>	<u>132,804</u>	<u>20,472</u>	<u>111</u>	<u>47,828</u>	<u>29,663</u>

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Notes to Basic Financial Statements, Continued
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Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Firemen's System's policy is to allow the individual investment managers to decide what action to take regarding their respective portfolio's foreign currency exposure. The following table demonstrates the Firemen's System's current level of foreign currency exposure as of September 30, 2008:

	Money		Fixed	Hedge	Real Estate	
	Market	Equities	Income	Fund	Investment	Total
					Trust	
Australian Dollar	\$	2,281	—	—	—	2,281
British Pound Sterling		3,972	—	—	—	3,972
Canadian Dollar		1,428	—	—	—	1,428
Euro		17,608	—	—	—	17,608
Hong Kong Dollar		609	—	—	—	609
Indonesian Rupiah		263	—	—	—	263
Japanese Yen		9,289	—	—	—	9,289
Malaysian Ringgit		82	—	—	—	82
Mexican Peso		231	—	—	—	231
Norwegian Krone		712	—	—	—	712
Singapore Dollar		503	—	—	—	503
Swedish Krona		1,122	—	—	—	1,122
Swiss Franc		3,861	—	—	—	3,861
Total Foreign Currency		41,961	—	—	—	41,961
U.S. Dollar		29,663	175,417	98,303	20,472	47,828
Total	\$	29,663	217,378	98,303	20,472	47,828
						413,644

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

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

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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Concentration of credit risk is the risk of loss attributed to the magnitude of the Firemen's System's investment in a single issuer. The Firemen's System's policy does not allow the concentration per issuer to exceed 5% of the portfolio's market value at cost, with the exception of cash, cash equivalents, U.S. Treasury, of 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	24%	29%	34%
Small Cap	10	15	20
Domestic Fixed Income	25	20	35
International Equities	16	21	26
Real estate trust	—	10	15
Hedge fund	—	5	10

Investments that exceed 5% or more of net assets held in trust for pension benefits for the Firemen's System at September 30, 2008 are as follows:

Aberdeen Core Plus Fixed	\$ 98,192
The Principal US Property	47,827
Artisan International Stock	34,612
Northern Trust Global Investment Collective Government Short-term Investment Fund	26,122

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 and Poors. 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 60% of the net lending fees generated by each loan of securities. 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,

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2008 the Firemen's System has recorded a liability of \$574 due to collateral deficiency resulting from a borrower's bankruptcy. At September 30, 2008, \$14,598 in loans were outstanding to borrowers. The Firemen's System earned income of \$302 for its participation in the securities lending program for the year ended September 30, 2008.

3) Primary Government—Pension Trust Fund—Police System

As of September 30, 2008, the Police System had the following cash deposits and investments:

Equities:	
Common Stock	\$ 223,272
Collective Investment Funds	149,117
Real Estate Equities	33,867
Mortgaged-Backed Securities-Government	36,128
Mortgaged-Backed Securities-Non-Government	29,012
Fixed Income Collective Investment Fund	6,875
Corporate Bonds	96,246
Government Securities	52,071
Short-Term Notes and Commercial Paper	499
Money Market Funds	20,335
Investment Property	1,589
Other Cash Deposits	6,918
	\$ 655,929
	\$ 655,929

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. Investment property is reported at estimated fair value as determined by an independent real estate appraisal of the property.

A major portion of the Police System's investment holdings are invested in equity securities (corporate stocks, collective investment funds, and real estate equity shares) that are subject to domestic and international stock market earnings results. These equity market conditions deteriorated significantly subsequent to the Police System's September 30, 2008 fiscal year end. This market condition change will not affect current retirees or future retiree benefits, but will require increased contributions by the City in the future.

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.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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The following schedule provides a summary of the investment maturities by investment type, which helps demonstrate the current level of interest rate risk assumed by the Police System as of September 30, 2008:

	Fair Value	No Maturity	Investment maturities (in years)			
			Less than 1	1 – 5	6 – 10	More than 10
Equities	\$ 406,256	406,256	—	—	—	—
Mortgaged-Backed Securities—						
Government	36,128	—	—	—	2,993	33,135
Mortgaged-Backed Securities—						
Nongovernment	29,012	—	—	1,071	887	27,054
Corporate Bonds	96,246	—	56,507	15,947	17,376	6,416
Collective investment funds	6,875	6,875	—	—	—	—
Government Securities	52,071	—	16,014	16,596	12,293	7,168
Short-Term Notes and Commercial Paper	499	—	499	—	—	—
Money Market Funds	20,335	20,335	—	—	—	—
Investment Property	1,589	1,589	—	—	—	—
	<u>\$ 649,011</u>	<u>435,055</u>	<u>73,020</u>	<u>33,614</u>	<u>33,549</u>	<u>73,773</u>

The Police System's 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, 2008:

Credit Rating Level	Equities	Government Mortgage-Backed Securities	Nongovernment Mortgage-Backed Securities	Corporate Bonds	Collective Investment Funds	Government Securities	Short-term Notes and Commercial Paper	Money Market Fund	Investment Property
AAA	\$ —	35,460	24,125	975	—	46,809	499	—	—
AA	—	—	1,381	7,282	—	3,970	—	—	—
A	—	—	260	15,381	—	300	—	—	—
BBB	—	—	283	13,969	—	—	—	—	—
BB	—	—	—	490	—	—	—	—	—
B	—	—	—	32	—	—	—	—	—
N/A	406,256	—	—	—	—	—	—	—	—
Not Rated	—	668	2,963	58,117	6,875	992	—	20,335	1,589
	<u>\$ 406,256</u>	<u>36,128</u>	<u>29,012</u>	<u>96,246</u>	<u>6,875</u>	<u>52,071</u>	<u>499</u>	<u>20,335</u>	<u>1,589</u>

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Notes to Basic Financial Statements, Continued
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Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Police System's policy is to allow the individual investment managers to decide what action to take regarding their respective portfolio's foreign currency exposure. The following table demonstrates the Police System's current level of foreign currency exposure as of September 30, 2008:

	Money Money Market/ Commercial Paper	Investment Property	Equities	Fixed Income	Total
Australian Dollar	\$ —	—	—	941	941
Brazilian Real	—	—	396	—	396
British Pound Sterling	—	—	4,191	944	5,135
Canadian Dollar	—	—	2,783	1,473	4,256
Chinese Yuan	—	—	56	—	56
Euro	—	—	2,895	997	3,892
Indian Rupee	—	—	856	—	856
Mexican Peso	—	—	—	341	341
New Zealand Dollar	—	—	—	99	99
Panamanian Balboa	—	—	—	150	150
Swiss Franc	—	—	2,713	162	2,875
Total Foreign Currency	—	—	13,890	5,107	18,997
U.S. Dollar	20,835	1,589	392,366	215,224	630,014
Total	\$ 20,835	1,589	406,256	220,331	649,011

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.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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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.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Police System's investment in a single issuer. Emerging markets asset class as a sub-set of foreign equities has a target of 5% with a minimum of 3% and a maximum of 7%. 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	28%	30%	32%
Real Estate Equity	3	5	7
Large Cap U.S. Stocks	38	40	42
Small Cap U.S. Stocks	8	10	12
Foreign Equities	13	15	17

Investments which exceed 5% or more of net assets held in trust for pension benefits for the Police System are as follows:

MFB Daily S&P 500 Equity Index Fund	\$	81,815
MFO PIMCO PAPS Mortgage Portfolio Institutional Class		36,436

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 60% of the net lending fees generated by each loan of securities. The financial institution receives the remaining 40% 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. At September 30, 2008 the Police System has recorded a liability of \$1,332 due to collateral deficiency resulting from a borrower's bankruptcy. Outstanding loans to borrowers at September 30, 2008 were

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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\$96,257. The Police System earned income of \$503 for its participation in the securities lending program for the year ended September 30, 2008.

4) Primary Government—Pension Trust Fund—Employees’ System

As of September 30, 2008, the Employees’ System had the following cash deposits and investments:

Stocks	\$	229,422
Managed International Equity Funds		114,076
Corporate Bonds and Debentures		28,771
Foreign Governmental and Corporate Obligations		18,681
Domestic Bond Funds		46,180
Real Estate Funds		74,835
U.S. Government and Agency Securities		35,079
Temporary Cash Investments		17,792
Managed hedge fund		23,782
Other Cash Deposits		49
		49
	\$	588,667

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.

Subsequent to September 30, 2008, the fair value of investments decreased significantly due to continuing fluctuations in the national and global economies.

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:

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	Short- Term	Debt	Equity	Total
British Pound	\$ 52	1,271	—	1,323
Brazilian Real	—	132	—	132
Canadian Dollar	3	1,140	—	1,143
Euros	837	11,012	—	11,849
Mexican Peso	—	202	—	202
Uruguayan Peso	—	76	—	76
Japanese Yen	31	4,905	—	4,936
Total	\$ 923	18,738	—	19,661

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' Retirement System. Below is a list of fixed income credit qualities.

<u>Quality Rating</u>	
Aaa/U.S. Governments	\$ 85,321
Aa	12,003
A	21,314
Baa	8,466
Below Baa	1,607
Total	\$ <u>128,711</u>

All temporary cash investments held by the Employees' Retirement System at September 30, 2008 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.

<u>Investment</u>	<u>Fair Value</u>	<u>Effective Duration</u>
Payden and Rygel	\$ 31,067	5.6 years
Allegiant	51,464	5.2 years
SSGA	46,180	4.5 years
	\$ <u>128,711</u>	

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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. There are no restrictions on the amount of securities that can be lent at one time. At September 30, 2008, the term to maturity of the securities lent 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, 2008, the Employees' System has lending arrangements outstanding with a market value for securities lent of \$108,180. Subsequent to September 2008, the Employees' System has instructed its administrator to limit the value of securities loaned to \$100 million and refrain from any additional lending.

Concentration of Credit Risk

At September 30, 2008, 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:

State Street Global Advisors Passive Bond Market Index Fund	\$ <u>46,180</u>
Silchester International Investors International Value Equity Group Trust	\$ <u>65,785</u>
Walter Scott & Partners Limited Group Trust International	\$ <u>48,291</u>
Principal Global Investors Real Estate Group Annuity Contract	\$ <u>74,835</u>

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, 2009, all of SLDC's cash deposits were covered by federal depository insurance or collateral held by the pledging institution's trust department or agent in SLDC's name. At June 30, 2009, the market value of investments approximates the carrying value of \$114.

c. Component Unit—SLPD

Investments are recorded at fair value, which is determined by closing market prices at year-end as reported by the investment custodian. Investments with an original maturity date of less than one year are carried at cost plus earned interest, which approximates fair value.

As of June 30, 2009, the SLPD had the following cash deposits and investments:

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Federal Home Loan Discount Notes	\$	4,467
Certificates of Deposit		547
Other cash deposits		<u>1,990</u>
Total	\$	<u><u>7,004</u></u>

State statutes and SLPD investment policies are the same as for the primary government SLPD 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 SLPD's name. Actual investment decisions are made by the director of budget and finance, the Board of Police Commissioners, and the SLPD's fiscal agents.

Interest Rate Risk

The SLPD seeks to minimize its exposure to fair value losses arising from changes in interest rates by selecting investments in adherence to the Board of Police Commissioner's (Investment Policy). The Investment Policy provides that, to the extent possible, the SLPD shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the SLPD 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 SLPD 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 15 years, and up to 30 years with the approval of the Treasurer.

The SLPD had investments in Federal Home Loan Discount Notes securities had maturities of one year or less as of June 30, 2009.

Credit Risk

The Investment Policy provides that investments of the SLPD be rated in one of the three highest ratings categories by Moody's Investors Service, Standard & Poor's Corporation, or Fitch's Ratings Service.

The SLPD's investments in Federal Home Loan Discount Notes as of June 30, 2009 were rated AAA by Moody's Investor Service and Standard & Poor's.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a counterparty, the SLPD 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

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collateral includes U.S. Treasury obligations, other interest-bearing securities guaranteed as to principal and interest by the U.S. or an agency or instrumentality of the U.S., 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 SLPD securities and securities pledged as collateral must be held in a segregated account on behalf of the SLPD by an independent third-party with whom the SLPD has a current custodial agreement and has been designated by the Board of Police Commissioners to serve in such capacity.

At June 30, 2009, all SLPD investments and all collateral securities pledged against SLPD deposits are held by the counterparty's trust department or agent in the SLPD's name.

Concentration of Credit Risk

The SLPD has no investment policy related to the concentration of credit risk. At June 30, 2009, 100% of the SLPD's investments (excluding certificates of deposit and cash deposits) were in U.S. Government Agencies-Federal Home Loan Discount Notes.

d. Component Unit—SWMDC

At June 30, 2009, all of SWMDC's cash deposits were covered by federal depository insurance or collateral held by the pledging institution's trust department or agent in the City's name. SWMDC's investments of \$1,499 at year-end consisted entirely of Federal Home Loan Discount Notes and Federal Home Loan Bank with less than one year to maturity and rated A-1+ by Standard & Poor's Corporation.

3. RECEIVABLES, NET

	<u>Taxes</u>	<u>Intergovern- mental</u>	<u>Charges for Services</u>	<u>Notes and Loans</u>	<u>Other</u>	<u>Total Receivables</u>
Governmental activities:						
General fund	\$ 94,240	3,812	434	—	3,116	101,602
Capital projects fund	2,641	1,037	57	—	97	3,832
Grants fund	—	19,118	—	—	1	19,119
Other governmental funds	35,256	1,147	1,898	56	459	38,816
Internal service funds	—	124	—	—	—	124
Total governmental activities	<u>\$ 132,137</u>	<u>25,238</u>	<u>2,389</u>	<u>56</u>	<u>3,673</u>	<u>163,493</u>
Business-type activities:						
Airport	\$ —	15,916	14,648	—	3,309	33,873
Water Division	—	—	6,150	—	—	6,150
Parking Division	—	—	109	—	—	109
Total business-type activities	<u>\$ —</u>	<u>15,916</u>	<u>20,907</u>	<u>—</u>	<u>3,309</u>	<u>40,132</u>

All amounts are scheduled for collection during the subsequent fiscal year.

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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 assets and fund financial statements, consists of the following balances:

Governmental activities:

Taxes receivable—general fund	\$	1,211
Taxes receivable—other governmental funds		139
License and permits receivable—general fund		35
Charges for services receivable—other governmental funds		37

Business-type activities:

Charges for services receivable—Airport		109
Charges for services receivable—Water Division		2,548
	\$	4,079

5. COMPONENT UNIT—SLDC RECEIVABLES

SLDC receivables consist principally of small business commercial loans to facilitate business growth. The commercial loans were financed utilizing funds provided by the Community Development Agency (CDA) of the City, the Economic Development Administration, and the State. The proceeds from any repayment of these loans are payable back to the funding source or re-loaned in accordance with the lending program. Thus, a corresponding liability has been recorded.

6. RESTRICTED ASSETS

a. Airport

Cash and investments, restricted in accordance with City ordinances and bond provisions, are as follows at June 30, 2009:

Airport bond fund:

Debt service account	\$	42,655
Debt service reserve account		35,617
Airport renewal and replacement fund		3,500
Passenger facility charge fund		27,602
Airport development fund		93,891
Airport construction fund		67,046
Drug enforcement agency funds		2,159
	\$	272,470

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City ordinances 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:

- 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 fully pay 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 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 Airport fiscal years 2006 through 2011, achieving a balance of \$38,211 at the end of fiscal year 2011. Beginning in Airport fiscal year 2012, the Airport will allocate an amount sufficient to

City of St. Louis, Missouri
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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.

City ordinances provide that, in the event the sum on deposit in the Airport Bond Fund—Debt Service and Debt Service Reserve Accounts are insufficient to pay accruing interest, maturing principal or both, the balance in the Airport Contingency Fund, 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. City ordinances 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 these ordinances.

b. Water Division

Cash and investments restricted in accordance with City ordinances and the bond provision for the bond and construction funds at June 30, 2009 are as follows:

Bond funds:	
Waterworks bond fund	\$ 4,050
Water replacement and improvement account	830
Total bond funds	4,880
Construction funds	6,428
Customer deposits	1,610
Service line maintenance	249
	\$ 13,167

City ordinances 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:

- 1) 1998 Water Revenue Bond Funds
- a. To the unrestricted *Waterworks Operations and Maintenance Fund*, an amount sufficient to pay the estimated operation and maintenance expenses during the next month.
 - b. 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 is to be used only for the payment of bonds principal and interest, as the same shall become due.

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- c. 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 Issuer 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.
- d. 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.
- e. The remaining balance in the *Waterworks Revenue Fund* is to be deposited into the unrestricted Water Contingent Fund. This account 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.

2) Construction Funds

City ordinances also provide that the principal proceeds from the sale of Series 1998 Revenue Bonds and amounts appropriated from the Water Contingent Account shall be held in the Construction Fund, from which they shall be disbursed for the purposes contemplated in these ordinances.

3) Customer Deposits

City ordinances provide that amounts paid by customers as deposits on water meters, construction, and unclaimed meter deposits be held in escrow until such time as they are returned to customers in the form of cash or as a credit on the applicable customer's water bill.

4) Service Line Maintenance

In accordance with a City ordinance, the Water Division collects a \$3.00 (in dollars) per quarter surcharge from flat-rate and metered residential customers having six or less dwelling units. These funds are deposited in the service line maintenance account. This account, including interest earned, is used to pay for the repair of certain portions of the water lines for these customers.

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Notes to Basic Financial Statements, Continued
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c. Parking Division

Cash and investments restricted in accordance with revenue bond indentures at June 30, 2009 are as follows:

Series 2007 and 2006 bonds:	
Debt service reserve	\$ 4,943
Debt Service	677
Construction Funds	2,625
Repair and replacement	2,576
Net project revenues	133
TIF funds-Argyle	2
Parking trust—Parking Division accounts	1,921
	<u>12,877</u>
Total series 2007 and 2006 bonds	<u>12,877</u>
Series 2003A and 2003B bonds:	
Gross revenues	106
Bond	142
Repair and replacement	24
Operating reserve	100
Redemption	35
	<u>407</u>
Total series 2003A and 2003B bonds	<u>407</u>
	<u>\$ 13,284</u>

Descriptions of the above 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) *Capitalized interest* – Moneys deposited in this account to pay accrued and unpaid interest.
- 4) *Construction funds*—Provides for the payment of construction costs to complete the respective projects.
- 5) *Cost of issuance*—Provides for the payment of costs of issuance incurred in conjunction with the issuance of the bonds.
- 6) *Net project revenues*—Maintains funds used to fund the debt service account.
- 7) *Argyle TIF* – Money from the Argyle TIF district to help pay principal and interest on the bonds.

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Notes to Basic Financial Statements, Continued
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- 8) *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.
- 9) *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) *Bonds*—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 2003 Bonds.

d. Component Unit—SLDC

Restricted cash and investments at June 30, 2009 are as follows:

Bond funds	\$ <u>2,190</u>
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Cash and investments restricted in accordance with the SLDC Parking Facilities Revenue Refunding Bonds, Series 1999, Bond Indenture. The revenue bond indenture requires that gross operating revenues be paid to the bond trustee for deposit in the parking facility fund. From this fund, the revenues are to be applied by the trustee to various reserve accounts including principal and interest, repair and replacement, and operating reserve up to specified limits. Amounts received above the required limits are remitted by the Trustee to SLDC.

e. Component Unit—SLPD

Restricted cash and investments at June 30, 2009 consists of cash and investments legally restricted by outside parties through the provisions of grant programs or contractual agreements.

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Notes to Basic Financial Statements, Continued
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7. CAPITAL ASSETS

a. Primary Government

The following is a summary of changes in capital assets—governmental activities for the year ended June 30, 2009:

	Balance June 30, 2008	Additions	Retirements	Transfers	Balance June 30, 2009
Governmental activities:					
<i>Capital assets not being depreciated:</i>					
Land	\$ 84,237	1,562	—	—	85,799
Construction in progress	33,497	41,833	—	(26,833)	48,497
Equipment in progress	—	7,856	—	—	7,856
Works of art	3,233	77	—	41	3,351
Total capital assets not being depreciated	<u>120,967</u>	<u>51,328</u>	<u>—</u>	<u>(26,792)</u>	<u>145,503</u>
<i>Capital assets being depreciated:</i>					
Buildings	466,547	5,963	—	2,640	475,150
Improvements other than buildings	79,101	1,092	—	—	80,193
Equipment	107,822	5,724	(8,184)	—	105,362
Infrastructure	477,822	6,949	—	24,152	508,923
Total capital assets being depreciated	<u>1,131,292</u>	<u>19,728</u>	<u>(8,184)</u>	<u>26,792</u>	<u>1,169,628</u>
<i>Less accumulated depreciation for:</i>					
Buildings	131,291	11,553	—	—	142,844
Improvements other than buildings	21,803	1,814	—	—	23,617
Equipment	60,362	6,995	(7,344)	—	60,013
Infrastructure	258,176	22,867	—	—	281,043
Total accumulated depreciation	<u>471,632</u>	<u>43,229</u>	<u>(7,344)</u>	<u>—</u>	<u>507,517</u>
Total capital assets being depreciated, net	<u>659,660</u>	<u>(23,501)</u>	<u>(840)</u>	<u>26,792</u>	<u>662,111</u>
Governmental activities capital assets, net	<u>\$ 780,627</u>	<u>27,827</u>	<u>(840)</u>	<u>—</u>	<u>807,614</u>

Construction in progress consists primarily of recreation centers, the transportation center, and street and bridge projects. Equipment in progress consists of communication equipment being prepared for its intended use.

Included in the governmental activities capital assets is an idle capital asset that the City has determined to be impaired because of a change in service utility that is considered other than temporary. This capital asset's carrying value is \$4,052 at June 30, 2009. No impairment loss was recognized for the year ended June 30, 2009 as the asset was already carried at the lower of cost or fair market value.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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The following is a summary of changes in capital assets – business-type activities for the year ended June 30, 2009. Business-type activities for the City include the Airport, Water Division, and Parking Division.

	Balance June 30, 2008	Additions	Retirements	Transfers	Balance June 30, 2009
Business-type activities:					
Combined:					
<i>Capital assets not being depreciated:</i>					
Land	\$ 773,041	1,470	(1,397)	—	773,114
Construction-in-progress	38,113	62,281	(4,728)	(26,188)	69,478
Total capital assets not being depreciated	<u>811,154</u>	<u>63,751</u>	<u>(6,125)</u>	<u>(26,188)</u>	<u>842,592</u>
<i>Capital assets being depreciated:</i>					
Buildings and structures	544,614	5,835	(146)	9,686	559,989
Equipment	84,764	2,628	(834)	4,806	91,364
Pavings	919,091	818	—	11,590	931,499
Parking meters and lot equipment	6,197	13	—	—	6,210
Reservoirs	34,513	—	—	—	34,513
Boiler plant equipment	661	—	—	—	661
Pumping equipment	10,309	—	—	25	10,334
Purification basins and equipment	42,468	—	—	81	42,549
Water mains, lines, and accessories	114,561	2,725	(8)	—	117,278
Motor vehicle equipment	8,686	335	(267)	—	8,754
Total capital assets being depreciated	<u>1,765,864</u>	<u>12,354</u>	<u>(1,255)</u>	<u>26,188</u>	<u>1,803,151</u>
<i>Less accumulated depreciation for:</i>					
Buildings and structures	302,662	16,366	(107)	—	318,921
Equipment	55,014	4,464	(586)	—	58,892
Pavings	255,453	29,653	—	—	285,106
Parking meters and lot equipment	4,725	324	(29)	—	5,020
Reservoirs	7,974	665	—	—	8,639
Boiler plant equipment	625	3	—	—	628
Pumping equipment	7,948	194	—	—	8,142
Purification basins and equipment	12,347	833	—	—	13,180
Water mains, lines, and accessories	50,810	1,439	(7)	—	52,242
Motor vehicle equipment	5,747	463	(267)	—	5,943
Total accumulated depreciation	<u>703,305</u>	<u>54,404</u>	<u>(996)</u>	<u>—</u>	<u>756,713</u>
Total capital assets being depreciated, net	<u>1,062,559</u>	<u>(42,050)</u>	<u>(259)</u>	<u>26,188</u>	<u>1,046,438</u>
Business-type activities capital assets, net	<u>\$ 1,873,713</u>	<u>21,701</u>	<u>(6,384)</u>	<u>—</u>	<u>1,889,030</u>

Construction-in-progress consists primarily of various improvements at the Airport to the airfield and terminal buildings, as well as property purchased on which the Airport's expansion facilities will be constructed, and various improvements to the waterworks system.

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

Governmental activities:

General government	\$ 6,308
Convention and tourism	4,309
Parks and recreation	3,260
Judicial	336
Streets	25,530
Public safety:	
Fire	2,023
Other	795
Health and welfare	402
Public service	266
	<hr/>
Total depreciation expense, governmental activities	\$ <u><u>43,229</u></u>

Business-type activities:

Airport	\$ 47,333
Water Division	4,942
Parking Division	2,129
	<hr/>
Total depreciation expense, business-type activities	\$ <u><u>54,404</u></u>

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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b. Component Unit—SLDC

The following is a summary of changes in SLDC capital assets for the year ended June 30, 2009:

	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009
Capital assets not being depreciated:				
Land	\$ 4,914	—	—	4,914
Total capital assets not being depreciated	4,914	—	—	4,914
Capital assets being depreciated:				
Leasehold improvements	3,000	—	—	3,000
Equipment	664	—	—	664
Parking facilities	18,990	—	—	18,990
Total capital assets being depreciated	22,654	—	—	22,654
Less accumulated depreciation for:				
Leasehold improvements	1,500	200	—	1,700
Equipment	657	4	—	661
Parking facilities	10,428	618	—	11,046
Total accumulated depreciation	12,585	822	—	13,407
Total capital assets being depreciated, net	10,069	(822)	—	9,247
SLDC capital assets, net	\$ 14,983	(822)	—	14,161

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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c. Component Unit—SLPD

The following represents a summary in SLPD's capital assets for the year ended June 30, 2009:

	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,646	—	—	1,646
Construction in progress	—	266	—	266
Total capital assets not being depreciated	<u>1,646</u>	<u>266</u>	<u>—</u>	<u>1,912</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	40,397	575	—	40,972
Furniture, fixtures, and other equipment	4,941	977	(22)	5,896
Automotive equipment	11,790	752	(766)	11,776
Communications equipment	6,716	—	—	6,716
Computers and software	3,532	669	(38)	4,163
Total capital assets being depreciated	<u>67,376</u>	<u>2,973</u>	<u>(826)</u>	<u>69,523</u>
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	18,169	814	—	18,983
Furniture, fixtures, and other equipment	2,896	831	(22)	3,705
Automotive equipment	8,473	1,759	(703)	9,529
Communications equipment	4,410	358	—	4,768
Computers and software	2,699	564	(38)	3,225
Total accumulated depreciation	<u>36,647</u>	<u>4,326</u>	<u>(763)</u>	<u>40,210</u>
Total capital assets being depreciated, net	<u>30,729</u>	<u>(1,353)</u>	<u>(63)</u>	<u>29,313</u>
SLPD capital assets, net	<u>\$ 32,375</u>	<u>(1,087)</u>	<u>(63)</u>	<u>31,225</u>

City of St. Louis, Missouri
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d. Component Unit—SWMDC

The following represents a summary in SWMDC's capital assets for the year ended June 30, 2009:

	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009
<i>Capital assets being depreciated:</i>				
Infrastructure	\$ 8,725	516	—	9,241
Total capital assets being depreciated	<u>8,725</u>	<u>516</u>	<u>—</u>	<u>9,241</u>
<i>Less accumulated depreciation for:</i>				
Infrastructure	3,195	294	—	3,489
Total accumulated depreciation	<u>3,195</u>	<u>294</u>	<u>—</u>	<u>3,489</u>
SWMDC capital assets, net	<u>\$ 5,530</u>	<u>222</u>	<u>—</u>	<u>5,752</u>

8. COMPONENT UNIT—SLDC PROPERTY HELD FOR DEVELOPMENT

SLDC property held for development consists primarily of land and property held for sale or other development purposes. This land and property is reported in SLDC's financial statements based on management's intent of ultimate disposition of the property. Proceeds received upon the sale of most of these properties will revert back to the funding source. At June 30, 2009, SLDC has established a reserve for impairment of \$5,841 on its properties held for development.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Vendors	Contracts and retainage payable	Total
Governmental activities:			
General fund	\$ 3,997	—	3,997
Capital projects fund	4,227	4,320	8,547
Grants fund	7,438	—	7,438
Other governmental funds	2,165	99	2,264
Internal service	1,106	—	1,106
Total governmental activities	<u>\$ 18,933</u>	<u>4,419</u>	<u>23,352</u>
Business-type activities:			
Airport	\$ 10,354	15,491	25,845
Water Division	2,127	—	2,127
Parking Division	1,960	—	1,960
Total business-type activities	<u>\$ 14,441</u>	<u>15,491</u>	<u>29,932</u>

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Notes to Basic Financial Statements, Continued
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10. RETIREMENT PLANS

The City contributes to three defined benefit retirement plans. The Firemen's Retirement System of St. Louis (Firemen's System) and the Police Retirement System of St. Louis (Police System) are single – employer plans. The Employees' Retirement System of the City of St. Louis (Employees' System) is a cost-sharing multiple-employer plan. However, due to the City's participation in the Employees' System being greater than 99% of the total participation of all employers, the disclosures provided for the Employees' System are those for a single-employer plan. 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 for these funds has been included within the accompanying basic financial statements as of each System's fiscal year-end, which falls within the City's current fiscal year-end as follows:

<u>System</u>	<u>System Fiscal Year-end</u>
Firemen's	September 30, 2008
Police	September 30, 2008
Employees'	September 30, 2008

a. Firemen's Retirement System of St. Louis

1) System Description

All firefighters qualify as members of the Firemen's System and are thereby eligible to participate from their date of hire.

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 South Broadway, St. Louis, Missouri, 63104.

The Firemen's System provides retirement benefits as well as death and disability benefits. Members can voluntarily retire after a minimum of 20 years of service. The monthly allowance consists of 40% of the final two-year 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 over 25 years with a maximum pension of 75%. Unused accrued sick pay may increase the maximum pension beyond the 75% limitation. Such benefits are authorized by State statutes and adopted by City ordinance.

The Firemen's System, in accordance with Ordinance 62994 of the City, initiated during the Firemen's System's fiscal year ended August 31, 1994, the Deferred Retirement Option Plan (DROP). The DROP option is available to members of the Firemen's System who have achieved 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 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, the member will not receive credit for City contributions or credit for service. A member may

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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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.

2) Funding Policy

Covered members contribute 8% of their salary to the Firemen's System, as mandated per the State statute and adopted by City ordinance. The City is required to contribute the remaining amounts necessary to fund the Firemen's System. Members of the Firemen's System are entitled to a lump-sum distribution of the entire amount of their contribution without interest upon service retirement. Members whose employment terminates prior to retirement are entitled to a lump-sum distribution of their contribution, plus interest thereon.

3) Funded Status

The funded status of the Firemen's System as of October 1, 2008, the most recent actuarial valuation date is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL As A Percentage of Covered Payroll</u>
October 1, 2008	\$ 485,139	\$ 523,036	\$ 37,897	92.8%	\$ 41,649	91.0%

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 liability for benefits.

4) Annual Pension Cost and Net Pension Asset

The City's annual pension cost and net pension asset to the Firemen's System for the year ended June 30, 2009 are as follows:

Annual required contribution	\$ (12,585)
Interest on net pension asset	2,729
Adjustment to annual required contribution	(3,067)
Annual pension cost	<u>(12,923)</u>
Contributions made	7,485
Decrease in net pension asset	<u>(5,438)</u>
Net pension asset, beginning of year	35,786
Net pension asset, end of year	<u><u>\$ 30,348</u></u>

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The net pension asset of \$30,348 as of June 30, 2009 is reflected as a net pension asset within governmental activities in the government-wide financial statements.

Historical trend information about the City's participation in the Firemen's System is presented below to help readers assess the Firemen's System's funding status on a going-concern basis and assess progress being made in accumulating assets to pay benefits when due.

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset (Obligation)
2009	\$ 12,923	58 %	\$ 30,348
2008	17,105	372	35,786
2007	17,899	23	(10,799)

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

Date of actuarial valuation	October 1, 2008
Actuarial cost method	Entry age-frozen liability method
Amortization method	30 year closed period from establishment
Remaining amortization period	Various
Asset valuation method	3-year smooth market
Inflation rate	3.5%, per year
Investment rate of return	7.625%, compounded annually
Projected salary increases	4.0%, per year to retirement age
Projected postretirement benefit increases:	
Under age 60:	
20-24 service years	1.5%, per year
25-29 service years	2.25%, per year
30 or more service years	3.0%, per year
Over age 60	3% with a maximum of 25% in increases after age 60

5) Other

In fiscal year 2008, the Board of Aldermen authorized and approved the issuance and sale of bonds for the purpose of paying past unfunded actuarially determined annual contributions in connection with the three Retirement Systems. During fiscal year 2008, SLMFC issued Taxable Leasehold Revenue and Refunding Bonds Series 2007 and Taxable Public Safety Sales Tax Leasehold Revenue Bonds Series 2008A to fund the Firemen's System in the amounts of \$49,405 and \$12,800, respectively (see note 14).

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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b. Police Retirement System of St. Louis

1) System Description

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 is available to the member in a lump sum or in installments.

2) Funding Policy

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.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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3) Funding Status

The funded status of the Police System as of October 1, 2008, the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL As A Percentage of Covered Payroll
October 1, 2008	\$ 752,273	\$ 803,417	\$ 51,144	93.6%	\$ 63,835	80.1%

The aggregate actuarial cost method is used to determine the annual required contribution of the employer (ARC) for the Police System. Because the method does not identify or separately amortize unfunded actuarial liabilities, information about funded status is prepared using the entry age actuarial cost method and is intended to serve as a surrogate for the funded status of the plan.

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 liability for benefits.

4) Annual Pension Cost and Net Pension Asset

The City's annual pension cost and net pension asset to the Police System for the year ended June 30, 2009 are as follows:

Annual required contribution	\$ (10,384)
Interest on net pension asset	238
Adjustment to annual required contribution	(362)
Annual pension cost	<u>(10,508)</u>
Contributions made	10,384
Decrease in net pension asset	<u>(124)</u>
Net pension asset, beginning of year	3,070
Net pension asset, end of year	<u><u>\$ 2,946</u></u>

The net pension asset of \$2,946 is reflected as a net pension asset within governmental activities in the government-wide financial statements.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2009
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Historical trend information about the City's participation in the Police System is presented below.

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset (Obligation)
2009	\$ 10,508	99 %	\$ 2,946
2008	11,586	365	3,070
2007	16,504	49	(27,634)

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

Date of actuarial valuation	October 1, 2008
Actuarial cost method	Aggregate cost method (this method does not identify or separately amortize unfunded actuarially accrued liabilities)
Asset valuation methods	5-year smoothed average of market value
Inflation rate	3.00%, per year
Investment rate of return	7.75%, per year
Projected salary increases	3.50 – 7.00%, varying by age
Projected postretirement benefit increases	3.00% maximum per year, cumulative 30% cap

5) Other

In fiscal year 2008, the Board of Aldermen authorized and approved the issuance and sale of bonds for the purpose of paying past unfunded actuarially determined annual contributions in connection with the three Retirement Systems. During fiscal year 2008, SLMFC issued Taxable Leasehold Revenue and Refunding Bonds Series 2007 and Taxable Public Safety Sales Tax Leasehold Revenue Bonds Series 2008A to fund the Police's System in the amounts of \$29,587 and \$6,000, respectively (see note 14).

c. Employees Retirement System of the City of St. Louis

1) System Description

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.

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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. 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

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 10.95% effective July 1, 2008, 13.21% of active member payroll effective July 1, 2007 and 13.17% of active member payroll effective July 1, 2006. The City contributed 7.55% of active member payroll beginning July 2006 through June 2008, and 10.95% of active member payroll beginning July 2008. The City made an additional contribution of \$46,699 in September 2007 and \$14,222 in July 2008.

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.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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3) Funded Status

The funded status of the Employees System for the actuarial valuation as of September 30, 2008 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL As A Percentage of Covered Payroll
September 30, 2008	\$ 674,017	\$ 765,842	\$ 91,825	88.01%	\$ 238,702	38.47%

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 liability for benefits.

4) Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to the Employees System for the year ended June 30, 2009 are as follows:

Annual required contribution	\$ (25,298)
Interest on net pension obligation	(2,211)
Adjustment to annual required contribution	2,456
Annual pension cost	<u>(25,053)</u>
Contributions made	23,275
Increase in net pension obligation	<u>(1,778)</u>
Net pension obligation, beginning of year	<u>(27,647)</u>
Net pension obligation, end of year	<u><u>\$ (29,425)</u></u>

The net pension obligation of \$(29,425) is reflected as a long-term liability within the accompanying basic financial statements as follows:

Governmental activities	\$ (22,406)
Business-type activities	(3,866)
Component unit—SLPD	<u>(3,153)</u>
	<u><u>\$ (29,425)</u></u>

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Historical trend information about the City's participation in the Employees System is presented below.

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	\$ 25,053	93 %	\$ (29,425)
2008	28,937	264	(27,647)
2007	28,939	52	(75,020)

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

Date of actuarial valuation	October 1, 2008
Actuarial cost method	Projected unit credit cost method
Amortization method	Level dollar amount for unfunded liability, open
Remaining amortization period	30 years as of October 1, 2008
Actuarial value of assets	The market value of assets less unrecognized returns in each of the last five years, but no earlier than October 1, 2005. Initial unrecognized return is equal to the difference between the actual market return and expected market return, and is recognized over a five-year period. The actuarial asset value is further adjusted, if necessary, to be within 20% of the market value. The actuarial asset value was initialized at the market value as of October 1, 2005.
Investment rate of return	8.00%
Projected salary increases	varies by age, ranging from 3.825% to 7.226%
Projected postretirement benefit increases	5.00% per year, maximum cumulative increase of 25%.

5) Other

In fiscal year 2008, the Board of Aldermen authorized and approved the issuance and sale of bonds for the purpose of paying past unfunded actuarially determined annual contributions in connection with the three Retirement Systems. During fiscal year 2008, SLMFC issued Taxable Leasehold Revenue and Refunding Bonds Series 2007 of which \$46,699 was used to fund the Employees' System. (see note 14).

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d. Component Unit—SLDC

The SLDC Employees Retirement Plan and Trust (SLDC plan) is a defined contribution plan and became effective January 1, 1989. Required year-ended June 30, 2009 contributions of \$321, which amount to 9% of current covered payroll, were made by SLDC. For the year ended June 30, 2009, SLDC's current covered payroll was \$3,553 and total payroll amounted to \$3,658. 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 have completed at least six months of active service. The employees vest at a rate of 33% per annum with full vesting occurring after the end of their third year of service. The SLDC Plan does not hold any employer or related-party securities. All plan investments are self-directed by the respective plan participants, within the limitations of the plan.

11. COMPONENT UNIT—SLPD OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description

The SLPD is obligated under Chapter 84.160 RSMo to provide medical and life insurance benefits for former civilian and commissioned employees who retire subsequent to 1969. The SLPD provides these other postemployment benefits (OPEB) under a single-employer, defined benefit postemployment plan. The SLPD's OPEB plan does not issue a separate financial report.

Commissioned employees may retire and receive benefits under the SLPD's OPEB plan after 20 years of creditable service, regardless of age. Civilian employees may retire and receive benefits under the SLPD's 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 SLPD 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 SLPD pays the costs of a Medicare Supplement Plan. Retirees pay the full cost of spouse healthcare coverage. Additionally, the SLPD provides a postretirement death benefit of \$3.

At July 1, 2007, the date of the latest actuarial valuation, plan membership consisted of the following:

Retirees and beneficiaries receiving benefits	1,342
Terminated plan members entitled to, but not yet receiving benefits	129
Active members	1,907
Total plan members	3,378

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Funding Policy

Contributions made to the SLPD's OPEB plan are established and may be amended by Board of Police Commissioners. For the year ended June 30, 2009, the SLPD contributed \$7,903, which was based upon pay-as-you-go financing requirements.

Annual Other Postemployment Benefit Cost and Net Other Postemployment Benefit Obligation

The SLPD's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, and 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 SLPD's annual OPEB cost for the year, the amount actually contributed to plan, and changes in the SLPD's net OPEB obligation:

Annual required contribution	\$	(24,007)
Interest on net OPEB obligation		(820)
Adjustment to annual required contribution		1,067
		(23,760)
Increase in net OPEB obligation		(23,760)
Contribution made		7,903
		(15,857)
Increase in net OPEB obligation		(15,857)
Net OPEB obligation, beginning of year		(16,405)
		(16,405)
Net OPEB obligation, end of year	\$	(32,262)

The SLPD's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation was as follows:

Fiscal year	Annual OPEB cost (AOC)	Percentage of AOC contributed	Net OPEB obligation
2009	\$ 23,760	33.3%	\$ 32,262
2008	22,668	27.6%	16,405

Funding Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrual liability for benefits was \$236,138, and the actuarial value of assets was \$0. The covered payroll (annual payroll of active employees covered by the plan) was \$85,372, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 276.6%. The actuarial valuation was updated to incorporate significant changes to the substantive plan.

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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. In future years, the schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present 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, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5% investment rate of return, and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5% after five-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 and SLPD employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employees or other beneficiary) held in trust for the exclusive benefit of the employees. As such, the trust account and related liability are not included in the basic financial statements.

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13. LONG-TERM LIABILITIES

a. Changes in Long-Term Liabilities

Following is a summary of the changes in long-term liabilities for the year ended June 30, 2009:

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Due Within One Year
Governmental activities:					
General obligation bonds payable	\$ 50,875	—	(1,085)	49,790	3,490
Section 108 Loan Guarantee					
Assistance Programs	56,080	—	(2,920)	53,160	3,110
Federal Financing Bank advances	630	—	(50)	580	55
Tax increment financing bonds					
and notes payable	136,987	32,669	(6,102)	163,554	6,392
Master note purchase agreement	52	—	(9)	43	—
Loan agreement with Missouri					
Department of Natural Resources	977	—	(499)	478	158
Loan agreement with MTFC	4,500	—	(329)	4,171	392
Capital lease—rolling stock	9,841	5,600	(2,310)	13,131	2,654
Certificates of participation	—	9,100	—	9,100	570
Obligation with component unit	49,690	—	(9,690)	40,000	—
Leasehold revenue improvement and					
refunding bonds	520,195	21,850	(24,458)	517,587	26,357
Joint venture financing agreement	61,028	—	(3,512)	57,516	3,643
Unamortized discounts, premiums,					
and deferred amounts on refunding	(4,560)	(674)	188	(5,046)	—
Net pension obligation	20,903	1,503	—	22,406	—
Accrued vacation, compensatory,					
and sick time benefits	26,300	19,437	(17,525)	28,212	18,866
Landfill closure	100	250	(100)	250	—
Claims and judgments payable	16,849	17,262	(13,742)	20,369	12,849
Governmental activities long-term					
liabilities	<u>\$ 950,447</u>	<u>106,997</u>	<u>(82,143)</u>	<u>975,301</u>	<u>78,536</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. Also, for the governmental activities claims and judgments payable, accrued vacation, compensatory and sick leave benefits, net pension obligations, and landfill closure costs are generally liquidated by the general fund.

In past fiscal years, the City has advance refunded various leasehold revenue improvement and refunding bonds and general obligation 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, 2009, \$74,425 of outstanding leasehold revenue improvement and refunding bonds and general obligation bonds are considered defeased.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2009
(dollars in thousands)

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Due Within One Year
Business-type activities:					
Airport:					
Revenue bonds payable	\$ 818,830	—	(21,725)	797,105	21,670
Net pension obligation	1,765	15	—	1,780	—
Pension funding liability	5,510	—	—	5,510	—
Other	907	—	(128)	779	—
Accrued vacation, compensatory, and sick time benefits	6,074	3,646	(3,497)	6,223	4,014
Unamortized discounts, premiums, and deferred amounts on refunding	21,578	3,581	(4,160)	20,999	—
Due to the City of Bridgeton	10,800	—	(3,300)	7,500	4,000
Deferred lease revenue	—	7,200	—	7,200	—
Total Airport	<u>865,464</u>	<u>14,442</u>	<u>(32,810)</u>	<u>847,096</u>	<u>29,684</u>
Water Division:					
Revenue bonds payable	26,325	—	(3,300)	23,025	3,440
Customer deposits	1,809	—	(199)	1,610	—
Net pension obligation	1,444	1,624	(1,602)	1,466	—
Pension funding liability	3,269	—	—	3,269	—
Other	237	—	(53)	184	—
Accrued vacation, compensatory, and sick time benefits	3,128	298	(117)	3,309	1,636
Unamortized discounts, premiums, and deferred amounts on refunding	(676)	—	185	(491)	—
Total Water Division	<u>35,536</u>	<u>1,922</u>	<u>(5,086)</u>	<u>32,372</u>	<u>5,076</u>
Parking Division:					
Revenue bonds payable	80,400	—	(1,546)	78,854	1,879
Net pension obligation	573	517	(470)	620	—
Pension funding liability	887	—	—	887	—
Accrued vacation, compensatory, and sick time benefits	196	146	(196)	146	146
Unamortized discounts, premiums, and deferred amounts on refunding	(6,105)	—	249	(5,856)	—
Total Parking Division	<u>75,951</u>	<u>663</u>	<u>(1,963)</u>	<u>74,651</u>	<u>2,025</u>
Business-type activities long-term liabilities	<u>\$ 976,951</u>	<u>17,027</u>	<u>(39,859)</u>	954,119	36,785
Less amounts recorded in:					
Accounts payable and accrued liabilities				(4,000)	(4,000)
Accrued salaries and other benefits				(5,796)	(5,796)
				<u>\$ 944,323</u>	<u>26,989</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2009
(dollars in thousands)

b. General Obligation Bonds

In June 1999, the City issued \$65,000 Public Safety General Obligation Bonds, Series 1999. The series consisted of \$64,305 current interest serial bonds due in the years 2000 through 2008 and 2010 through 2019 with rates ranging from 4% to 5.125%. The 2009 maturity was entirely capital appreciation bonds in the amount of \$695 sold to yield 5.15% and mature at \$3,655 (collectively, the Series 1999 bonds). The proceeds of the Series 1999 bonds were to be used as follows: (i) \$44,000 for new fire equipment, new fire communication equipment, reconstruction and renovation of various existing fire houses, and new construction of fire houses; (ii) \$10,000 for new police laboratory equipment, reconstruction, and renovation of existing police buildings, and; (iii) \$11,000 for demolition and abatement of various abandoned or condemned buildings under the control of the City. The Series 1999 bonds were payable from ad valorem taxes to be levied without limitation as to rate or amount upon all taxable, tangible property, real, and personal property within the City. The principal and interest on the Series 1999 bonds was guaranteed under a municipal bond new issue insurance policy issued by Financial Guaranty Insurance Company. Principal payments were made from other governmental funds.

On June 15, 2005, the City issued \$37,555 in General Obligation Refunding Bonds, Series 2005, with an average interest rate of 4.48% to refund \$37,710 in outstanding Series 1999 General Obligation Bonds with an average interest rate of 5.09%. The net proceeds of \$39,621 (after the addition of a \$2,645 premium and less a payment of \$550 in issuance costs and a \$29 discount), along with \$642 of City funds, were deposited with the Escrow Agent to be applied on June 16, 2005 to the redemption of the Series 1999 bonds. After the refunding transaction, \$10,215 in current interest Series 1999 bonds and \$695 in capital appreciation Series 1999 bonds remained outstanding.

In November 2006, the City issued \$13,000 General Obligation Bonds, Series 2006. The series consists of current interest serial bonds due 2008 through 2026 with rates ranging from 3.75% to 4.2%. The Series 2006 bonds were issued for the purpose of providing funds to (i) replace, improve, and maintain the City's radio system used by the Police Department, Fire Department, Emergency Medical Services, and other City departments; (ii) reconstruct, repair, and improve major streets, bridges, and the City's flood wall where federal funding is available and local funding is required. The City shall levy an ad valorem tax on all taxable, tangible property in the City, without limit as to rate or amount, for the payment of the principal of and interest on the Series 2006 bonds. The principal and interest on the Series 2006 bonds is guaranteed under a municipal bond new issue insurance policy issued by MBIA Insurance Corporation. Principal payments are made from other governmental funds.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2009
(dollars in thousands)

Principal and interest requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2010	\$ 3,490	2,171	5,661
2011	3,615	2,056	5,671
2012	3,730	1,940	5,670
2013	3,905	1,779	5,684
2014	4,090	1,590	5,680
2015 – 2019	23,740	4,930	28,670
2020 – 2024	4,895	1,111	6,006
2025 – 2026	2,325	148	2,473
	<u>\$ 49,790</u>	<u>15,725</u>	<u>65,515</u>

c. Section 108 Loan Guarantee Assistance Programs

During 2001, the City entered into contracts with the U.S. Department of Housing and Urban Development for Section 108 loan guarantee assistance for the following maximum amounts:

- \$50,000 for Downtown Convention Headquarters Hotel project
- \$20,000 for Darst-Webbe Housing Redevelopment project

During 2001, the City issued a note in the amount of \$50,000 for the Downtown Convention Headquarters Hotel project. Additionally, during 2001, the City received \$5,000 in an advance funding draw for the Darst-Webbe Housing Redevelopment project. The \$50,000 note is intended to spur redevelopment in the downtown area. The \$50,000 note is a 20-year note at a variable rate of interest. The \$5,000 received during 2001 was an advance funding draw note related to the \$20,000 Darst-Webbe Housing Redevelopment project. During 2002, the City finalized each of the loans at fixed rates ranging from 3.66% to 6.62%, and received the remaining \$15,000 draw for the Darst-Webbe Housing Redevelopment project. The Darst-Webbe note is a 20-year note with final payment due in fiscal 2021.

Principal and interest requirements for the combined Section 108 program notes are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2010	\$ 3,110	3,234	6,344
2011	3,300	3,051	6,351
2012	3,500	2,855	6,355
2013	3,720	2,642	6,362
2014	3,950	2,410	6,360
2015 – 2019	23,830	7,885	31,715
2020 – 2021	11,750	787	12,537
	<u>\$ 53,160</u>	<u>22,864</u>	<u>76,024</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2009
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d. Federal Financing Bank Advances

Federal Financing Bank Advances represent promissory notes issued by the Federal Financing Bank to the City for redevelopment projects. These notes were issued under Section 108 of the Housing and Community Development Act of 1974. Interest is payable semiannually based on rates established by the secretary of the treasury on the dates the notes are made. These notes and the related interest will be repaid from intergovernmental revenues of the grants fund. In 1997, the City signed a new contract and loan agreement under Section 108 in the amount of \$1,000. The proceeds were used to fund a portion of a multi-modal distribution center, which integrates trucking, railway, and waterway transportation and distribution channels. The loan initially consisted of 20 variable rate notes, due in July of each year, to be retired over the 20 years ending July 2016. Interest, payable semiannually and calculated monthly, is based on the variable rate of LIBOR plus 0.2%. In October 1997, the notes were changed to fixed rates with interest due in February and August of each year. The notes bear interest at rates ranging from 5.87% to 7.08%.

Principal and interest requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2010	\$ 55	38	93
2011	60	35	95
2012	65	30	95
2013	70	26	96
2014	75	21	96
2015 – 2017	255	27	282
	<u>\$ 580</u>	<u>177</u>	<u>757</u>

e. Tax Increment Financing Bond and Notes Payable

The City issues tax increment financing bonds and notes payable to developers in conjunction with various redevelopment projects throughout the City. These are special limited obligations of the City, payable solely from the payments in lieu of taxes and increased economic activity taxes generated by the redevelopment areas. No other City moneys are pledged to repay these bonds and notes and, should these financing sources be insufficient to repay the bonds and notes prior to their stated maturity dates, the City's obligation under the bonds and notes will cease. As of June 30, 2009, the City had \$163,554 in TIF bonds and notes payable outstanding, at interest rates ranging from 5.5% to 10.0%, payable in various installments through 2030. The City issued \$32,669 in TIF bonds and notes payable during fiscal year 2009.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2009
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Principal and interest requirements for the tax increment financing debt issues are as follows:

	General Fund Backed TIF Bonds and Notes		Additional TIF Bonds and Notes	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year ending June 30:				
2010	\$ 1,545	1,389	4,846	9,372
2011	1,665	1,228	5,160	9,059
2012	—	1,145	5,495	8,724
2013	—	1,145	5,851	8,368
2014	—	1,145	6,231	7,987
2015 – 2019	—	5,724	36,951	33,402
2020 – 2024	791	5,679	46,683	19,753
2025 – 2029	2,613	5,157	32,027	4,787
2030	13,557	457	139	9
	<u>\$ 20,171</u>	<u>23,069</u>	<u>143,383</u>	<u>101,461</u>

f. Master Note Purchase Agreement

In February 2000, the SLMFC, the City, and the Federal National Mortgage Association (Fannie Mae) entered into a Master Note Purchase Agreement (Series 2000 Note) to provide a low-interest, second mortgage for use as down payment and/or to pay other purchase costs to those who buy a single family residence in the City. The City provided a deposit of \$250 into a note reserve account and SLMFC pledged all payments of interest and principal from the homeowners as payment for the Fannie Mae \$1,250 loan. The SLMFC obligation is limited to the moneys in the various accounts established by the agreement including the note reserve account. A trustee holds the loan proceeds to be used exclusively for the City of St. Louis Homebuyers Incentive Program (CHIPS). The program is designed to provide funding to assist homebuyers with a down payment and closing costs associated with the purchase of a home. The loan bears interest at the rate of 8.27% per annum and will mature on March 1, 2011 subject to prepayment based on the payment of the second loans to homeowners.

In November 2001, the SLMFC, the City, and Fannie Mae amended the Series 2000 Note. Under the amendment, Fannie Mae purchased a Series 2001 Note in the amount of \$460 from SLMFC. The amendment required the City to provide an additional deposit of \$130 into a Series 2001 Note reserve account, and required SLMFC to pledge all payments of principal and interest from the homeowners as payment for the Series 2001 Note. A portion of the proceeds of the Series 2001 Note, along with a portion of the Series 2000 Note reserve account, was used to prepay a portion of the Series 2000 Note in the amount of \$650. A portion of the Series 2001 Note provided additional funds for the CHIPS. The Series 2001 Note bears interest at the rate of 5.21% per annum and will mature on December 1, 2012, subject to prepayment based upon the payment of the second loans to homeowners. As of June 30, 2009, the balance of the note outstanding is \$43.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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g. Loan Agreement with Missouri Department of Natural Resources (DNR)

In July 2001, the City agreed to enter into a loan agreement with the DNR pursuant to the Missouri Energy Efficiency Leveraged Loan Program in the amount of \$2,000 at an annual interest rate of 4.35%. The proceeds of the loan are to be used to complete energy conservation measures designated as approved by the DNR. During fiscal year 2004, the City made draws of \$1,953 against the loan agreement. The purpose of this funding is to convert signal lights to LED fixtures resulting in a projected savings of \$395 per year in electricity costs.

In April 2003, the City agreed to enter into a second loan agreement with the DNR pursuant to the Missouri Energy Efficiency Leveraged Loan Program in the amount of \$1,613 at an annual interest rate of 2.95%. The proceeds of the loan are to be used to complete energy conservation measures designated as approved by the DNR.

In December 2005, the City entered into another agreement with the Missouri DNR (pursuant to the Energy Efficiency Leverage Loan Program) for the amount of \$782 of which \$9 was loan origination fee and the remaining \$773 was the actual proceeds. The proceeds will be utilized for the purchase and installation of signal and walk lights throughout various locations in the City. The payments are due in semi-annual installments from 2007 to 2013 with an annual interest rate of 2.85%.

Principal and interest requirements under the loan agreement with the DNR are as follows:

	Principal	Interest	Total
Year ending June 30:			
2010	\$ 158	13	171
2011	125	8	133
2012	127	5	132
2013	68	1	69
	\$ 478	27	505

h. Loan Agreement With Missouri Transportation Finance Corporation (MTFC)

In October 2007, the City entered into a loan agreement with the MTFC in the amount of \$4,500 at an annual interest rate of 4.2%. The proceeds of the loan are to be used for the construction of a transportation center to consolidate urban buses, intercity buses, light rail, passenger rail, commercial space and parking at one location. Annual payments are \$567 which began January 2009 and will end January 2018.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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Principal and interest requirements under the loan agreement with the MTFC are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2010	\$ 392	175	567
2011	408	159	567
2012	426	142	568
2013	443	124	567
2014	463	105	568
2015-2018	2,039	216	2,255
	<u>\$ 4,171</u>	<u>921</u>	<u>5,092</u>

i. Capital Lease—Rolling Stock

In June 2003, the City amended its capital lease agreement with Banc One Leasing Corporation to increase the capital lease by \$4,002 in order to finance the acquisition of additional rolling stock. This portion of the capital lease is due in annual installments from 2004 through 2018 with an annual interest rate of 4.78%.

In September 2005, the City amended its capital lease agreement with Chase Equipment Leasing Inc. resulting in new debt of \$942. This capital lease agreement was included as part of the capital lease agreement entered into in March of 2000. The proceeds of the lease were used to purchase computer equipment. The final installment was paid during fiscal year 2009.

In February 2006, the City amended its lease agreement with Chase Equipment Leasing Corporation resulting in new debt of \$1,048. The proceeds of the lease are to be used to purchase equipment for a new 911 emergency system. The lease agreement payments are due in semi annual installments from 2007 to 2011 with an annual interest rate of 4.88%.

In September 2006, the City amended its lease agreement with Chase Equipment Leasing Corporation resulting in new debt of \$6,014. The proceeds of the lease are to be used to purchase additional rolling stock. This portion of the capital lease is due in semi annual installments from 2007 through 2012 with an annual interest rate of 4.0534%.

In November 2007, the City amended its lease agreement with Chase Equipment Leasing Corporation resulting in new debt of \$825. The proceeds of the lease are to be used to purchase computer hardware and software. This portion of the capital lease is due in semi annual installments from 2008 through 2010 with an annual interest rate of 4.0238%.

In March 2008, the City amended its lease agreement with Chase Equipment Leasing Corporation resulting in new debt of \$653. The proceeds of the lease are to be used to purchase microwave communication system equipment. This portion of the capital lease is due in semi annual installments from 2008 through 2018 with an annual interest rate of 3.96%.

In December 2008, the City amended its lease agreement with Chase Equipment Leasing Corporation resulting in new debt of \$5,600. The proceeds of the lease are to be used to purchase rolling stock.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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This portion of the capital lease is due in semi annual installments from 2009 through 2014 with an annual interest rate of 4.97%.

Principal payments of \$2,310 were made on these lease agreements in fiscal year 2009. The following is a schedule of future minimum lease payments as of June 30, 2009.

Year ending June 30:		
2010	\$	3,231
2011		3,083
2012		2,697
2013		2,128
2014		1,558
2015 – 2018		2,415
Total future minimum lease payments		<u>15,112</u>
Amount representing interest		<u>(1,981)</u>
Present value of net minimum lease payments	\$	<u><u>13,131</u></u>

Capital assets (equipment) of \$14,536 are recorded by the City on its statement of net assets in conjunction with these capital leases.

j. 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.

SLDC subleases the Kiel Premises back to the City. In 1998, SLDC issued two series of bonds for the purpose of refunding the outstanding bonds on which the City's lease payments were based. Pursuant to the master lease agreement, the lease payments made by the City are to be used by SLDC to fund annual debt service payments for SLDC's Kiel Site Lease Revenue Refunding Bonds, Series 1997A and B in the original amount of \$13,605. The Series 1997A and B bonds were issued by SLDC in September 1997, and the proceeds were used to retire SLDC's Stadium East Redevelopment Project Lease Revenue Bonds, Series 1990 and 1992.

On September 9, 2008, the SLMFC issued Lease Certificates of Participation Series 2008 in the amount of \$9,100. The Series 2008 Certificates were used to refund the LCRA's Kiel Site Lease Revenue Refunding Bonds, Series 1997A and Series 1997B, in the amount of \$9,205. The Series 2008 Certificates are due in installments through July 2021 and bear an interest rate ranging from 2.15% to 4.55.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$149. This difference, reported in the accompanying financial statements as a reduction of bonds payable, is being charged to operations through 2021 using the straight-line method, which approximates the effective interest method.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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The City advance refunded the Series 1997A&B bonds to reduce its total debt service payments over the next 13 years by approximately \$1,079 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$833.

The obligation is recorded as a long-term liability. The City's payments are payable from the general fund.

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, 2009.

Year ending June 30:		
2010	\$	900
2011		897
2012		896
2013		897
2014		891
2015 – 2019		4,502
2020 – 2022		<u>2,714</u>
Total future minimum obligation payments		11,697
Amount representing interest		<u>(2,597)</u>
Present value of net minimum obligation payments	\$	<u><u>9,100</u></u>

No capital assets are recorded by the City on its statement of net assets in conjunction with this obligation due to the proceeds being used for demolition and site preparation.

k. Obligation with Component Unit—Convention Center Hotel

The City is subject to a Third Supplemental and Restated Lease Purchase Agreement (the Agreement) between the City, SLMFC, and SLDC, whereby SLMFC leases the Convention Center to the City. 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. The City's obligation to make these lease payments to SLDC is subordinate to the City's obligation to meet the debt service requirements of the Series 1993A and Series 2003 Convention Center Leasehold Revenue Bonds (see note 14).

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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The obligation with component unit is recorded as a long-term liability. The City's obligation is payable from the capital projects fund. 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, 2009.

Year ending June 30:		
2010	\$	—
2011		—
2012		3,525
2013		2,700
2014		2,285
2015 – 2019		61,180
2020 – 2021		30,590
		<hr/>
Total future minimum obligation payments		100,280
Amount representing interest		<hr/> (60,280) <hr/>
Present value of net minimum obligation payments	\$	<hr/> <u>40,000</u> <hr/>

No capital assets are recorded by the City on its statement of net assets 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.

14. LEASEHOLD REVENUE IMPROVEMENT AND REFUNDING BONDS

a. Civil Courts

On June 1, 2003, the SLMFC issued \$23,400 in Leasehold Revenue Refunding Bonds (Series 2003A) with an average interest rate of 4.02% to advance refund \$22,480 of Series 1994 Bonds with an average interest rate of 6.08%. The net proceeds of \$24,434 (after the addition of a \$1,811 premium less a payment of \$777 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 1994 Bonds maturing on August 1, 2003 and 2004, and to the redemption on August 1, 2004 of the remaining Series 1994 Bonds.

b. Convention Center

On July 15, 1993, SLMFC issued \$144,362 in Leasehold Revenue Refunding Bonds (Series 1993A Bonds). The Series 1993A Bonds were issued to refund bonds previously issued by SLDC (SLDC Bonds). Pursuant to the SLDC Bonds, SLDC held title to the Convention Center. Once the proceeds of the Series 1993A Bonds were deposited in an irrevocable trust to pay the principal and interest on the outstanding SLDC Bonds and certain other conditions were satisfied, the Convention Center property was conveyed to SLMFC. The Series 1993A Bonds consisted of current interest bonds (\$51,330 serial bonds and \$90,465 term bonds) and compound interest bonds with an initial offering price of \$2,567 and a final maturity amount on July 15, 2014 of \$9,615. The yield to maturity for the compound interest bonds at the initial offering price was 6.4%. Lease payments calculated to meet the principal, interest, and other costs related to the Series 1993A Bonds are paid for in the City's general fund.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2009
(dollars in thousands)

On April 15, 2003, the SLMFC issued \$118,575 in Leasehold Revenue Refunding Bonds (Convention Center Project) with an average interest rate of 4.67% to advance refund the current interest bonds portion of the Series 1993A Bonds with an average interest rate of 5.87%. The net proceeds of \$125,373 (after the addition of a \$9,439 premium less a payment of \$2,641 in issuance cost) were deposited with the escrow agent under the escrow deposit agreement, and were applied on July 15, 2003 to the redemption of the \$119,960 of Series 1993A current interest leasehold revenue bonds. Thus, as of June 30, 2007, only the compound interest bonds of the Series 1993A Bonds remain outstanding.

On May 26, 2005, the SLMFC issued Series 2005A and B Compound Interest Leasehold Revenue Bonds in the amount of \$44,997 for the purpose of providing funding for the construction of the Convention Center Hotel, in addition to making debt service payments for other ongoing projects, within the vicinity of the Convention Center. Principal payments plus compounded interest (4.66%) will be made July 15, 2021 through 2030. The final maturity amounts on bonds are \$54,050 and \$62,430 for the Series 2005A and 2005B, respectively.

On November 25, 2008, the SLMFC issued the Convention Center Capital Improvement Projects Leasehold Revenue Bonds Series 2008 in the amount of \$21,850. The proceeds of the Series 2008 Bonds were issued to fund certain capital improvements to the City of St. Louis Convention Center Property. The Series 2008 bonds principal payments commence fiscal year 2022 and bear an interest rate of 5.0% to 5.625%.

c. Justice Center

In August 1996, the SLMFC issued \$75,705 in Leasehold Revenue Improvement Bonds, Series 1996A (Series 1996A Bonds) and \$34,355 Leasehold Revenue Improvement and Refunding Bonds, Series 1996B (Series 1996B Bonds) (collectively, the 1996 Justice Center Bonds). The Series 1996A Bonds include serial bonds in the principal amount of \$20,155 and term bonds in the principal amount of \$55,550. The Series 1996B Bonds include serial bonds in the principal amount of \$23,500 and term bonds in the principal amount of \$10,835. Interest is payable semiannually on all bonds. The term bonds are subject to mandatory sinking fund redemption prior to their stated maturity dates.

The City's payments are secured by a pledge between the City and the trustee for the 1996 Justice Center Bonds, which authorizes the State to make direct payment to the trustee of the City's per diem reimbursement entitlements for costs incurred in boarding State prisoners. The City's payments are further insured by AMBAC Financial Group, Inc. The principal amount of the bonds outstanding is recorded as a long-term liability. The City's payments for debt service are payable from the capital projects fund. Interest rates on the 1996 Justice Center Bonds range from 4.25% to 6.0%.

Proceeds from the Series 1996A Bonds were used to construct the City Justice Center, which replaced the former municipal jail that has been demolished and will house a total of 732 prisoners. The facility is a major addition to the City's justice system, bringing total detention capacity to over 1,500 beds. The City Justice Center site is located east of City Hall, south of the city-owned Carnahan Building, and west of the Thomas F. Eagleton Federal Courthouse. The City Justice Center is designed to meet standards established by the American Correctional Association.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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In February 2000, the SLMFC issued \$22,025 in City Justice Center Leasehold Revenue Improvement Bonds (Series 2000A Bonds) for the purpose of financing the completion of the City Justice Center, and funding the debt service reserve fund with respect to the Series 2000A Bonds, and paying costs of issuance of the Series 2000A Bonds. The Series 2000A Bonds, bearing a stated maturity of February 15, 2010, are not subject to redemption prior to their stated maturities. The Series 2000A Bonds, bearing a stated maturity of February 15, 2011 are subject to optional redemption and payment prior to their stated maturities at the election of SLMFC, upon direction and instruction by the City on February 15, 2010, and, at any time thereafter, as a whole at any time, in part at any time, and if, in part, in such order as the SLMFC shall determine, upon the direction and instruction by the City in its sole discretion, at redemption prices ranging from 100% to 101%, plus accrued interest thereon, to the redemption date.

On September 1, 2001, the SLMFC issued \$62,205 in City Justice Center Leasehold Revenue Bonds (Series 2001A bonds) with an average interest rate of 4.93% to advance refund \$58,115 of Series 1996A Bonds with an average interest rate of 5.93%. As a result, this portion of the Series 1996A Bonds are considered to be defeased, and the liability for those bonds has been removed from the basic financial statements.

On September 1, 2005, the SLMFC issued \$15,485 in Justice Center Leasehold Revenue Refunding Bonds, Series 2005 with an average interest rate of 4.56% to advance refund \$14,360 in Series 2000A Leasehold Revenue Bonds with an average interest rate of 6.09%.

The principal amount of the bonds outstanding is recorded as a long-term liability of the City. The City's payments for debt service are payable from the capital projects fund.

d. Forest Park

On December 1, 2004, the SLMFC issued \$16,400 in Leasehold Revenue Refunding Bonds (Series 2004) with an average interest rate of 4.23% to advance refund \$16,120 of outstanding Series 1997 Forest Park Leasehold Revenue Improvement Bonds with an average interest rate of 5.45%. As a result, the Series 1997 bonds are considered defeased, and the liability for those bonds have been removed from the financial statements.

In order to secure the Series 2004 bonds, a surety bond was purchased from FGIC. Events involving the credit exposure of certain monoline bond insurers resulted in FGIC's credit ratings from Moody's and S&P being reduced from Aaa/AAA to B1/BB, respectively. Due FGIC's downgrades, the surety policy failed to satisfy the Indenture requirements which states that the surety must be an "A" category. In August 2008, the debt service reserve was fully funded to satisfy the requirements of the Indenture.

e. Carnahan Courthouse

On October 1, 2006, the SLMFC issued \$23,725 Leasehold Revenue Refunding Bonds, Series 2006A (Series 2006A) with an average interest rate of 4.23% to refund the \$21,750 Carnahan Courthouse Leasehold Revenue Bonds Series 2002A (series 2002A) with an average interest rate of 5.37%. The net proceeds of \$22,830 (after deduction of \$321 discount and less payment of \$560 in issuance costs) were used to purchase investments that mature at the same times and in such amounts as will be

City of St. Louis, Missouri
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sufficient to pay the principal of the redemption premium, if any and the accrued interest on all of the Series 2002A Bonds being redeemed.

The City's payments are secured by a pledge agreement between the City and the Series 2006A Bonds trustee. The City's payments are further insured by the AMBAC Assurance Corporation.

f. Abram Building

In June 2007, the SLMFC issued \$4,000 in Abram Building Leasehold Revenue Bonds Series 2007 with an interest rate of 4.15%. The proceeds of the bonds are being used to fund the cash portion needed to purchase the Abram Federal Building.

g. Recreation Sales Tax

On July 12, 2007, the SLMFC issued \$51,965 in Recreation Sales Tax Leasehold Revenue Bonds Series 2007 (Series 2007 Bonds). The purpose of the Series 2007 Bonds is to pay the costs of designing and construction two new recreational center facilities in the City and to renovate several existing recreational facilities. Interest is paid semi-annually on the bonds at the rate of 4% to 5%. The Series 2007 Bonds are subject to redemption, in whole on February 15, 2017 and any date thereafter, or in part on February 15, 2017, and on any interest payment date thereafter at the option of the corporation. The Series 2007 Bonds maturing 2028, 2032, and 2037 (the term bonds) shall be subject to mandatory sinking fund redemption and payment prior to maturity on February 15, 2025, February 15, 2029 and February 15, 2033 respectively and annually in the years thereafter.

In order to secure the Series 2007 bonds, a surety bond was purchased from Ambac. Events involving the credit exposure of certain monoline bond insurers resulted in Ambac's credit ratings from Moody's and S&P being reduced from Aaa/AAA to Baa1/AA, respectively. Due Ambac's downgrades, the surety policy failed to satisfy the Indenture requirements which states the provider must be rated in one of the two highest rating categories. In April 2009, an Irrevocable Transferable Letter of Credit was issued by Northern Trust Company to satisfy the requirements of the Indenture. As of June 30, 2009, there were no outstanding borrowings under the letter of credit.

h. Police Capital Improvement Sales Tax

On December 13, 2007, the SLMFC issued \$25,000 in Police Capital Improvements Sales Tax Leasehold Revenue Bonds Series 2007 (Police Series 2007 Bonds). A portion of the proceeds will be used to pay for the cost of purchasing and installing equipment for a new interoperable communications system for the City. The communications property includes infrastructure equipment to be installed in the Police department communication's center and mobile radio units. The other portion of the proceeds will be used by the Police Board for facilities improvements including improvements to be made to the Police three area command stations.

Debt payments will be made from the Police Capital Improvement Sales Tax revenues. Interest is paid semi-annually on the bonds at the rate of 3.625% to 4.1%. The Police Series 2007 Bonds maturing on February 15, 2023, 2025, 2028, 2033 and 2037 are subject to mandatory redemption and payment prior to maturity pursuant to the sinking fund requirements.

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i. Public Safety Sales Tax Pension Funding Project

On June 12, 2008, the SLMFC issued \$19,445 Taxable Public Safety Sales Tax Leasehold Revenue Bonds Series 2008A –Pension Funding Project (Series 2008A Bonds). The proceeds were used to complete the funding due the Police and Firemen’s Retirement Systems. Debt service will be paid by the Public Safety Sales Tax approved by the voters in February 2008. The Series 2008A Bonds include serial bonds in the principal amount of \$9,190 with interest rates ranging from 3.826% to 5,207% and are not subject to optional redemption prior to stated maturity. There are term bonds in the principal amount of \$10,255 with an interest rate of 5.857%. The bonds maturing in 2019 shall be subject to mandatory sinking fund redemption and payment prior to stated maturity pursuant to the mandatory redemption requirements of the Indenture on June 1, 2015.

j. Juvenile Detention Center

On June 12, 2008, the SLMFC issued \$25,555 Tax-Exempt Juvenile Detention Center Leasehold Revenue Bonds Series 2008B (Series 2008B Bonds). The proceeds will be used to fund the constructions, installation, rehabilitation and improvements of the property know as the Juvenile Detention Center as well as improvements to other real property. The Series 2008A Bonds include serial bonds in the principal amount of \$8,170 with an interest rate of 4% and term bonds in the principal amount of \$17,385 with interest rates ranging from 4.25% to 4.5% The term bonds maturing in 2025, 2028, and 2038 shall be subject to mandatory sinking fund redemption and payment prior to stated maturity pursuant to the mandatory redemption requirements of the Indenture on June 1, 2023, June 1, 2026, and June 1, 2029, respectively.

k. Principal and Interest Requirements

Principal and interest requirements for the Leasehold Revenue Improvement and Refunding Bonds are as follows:

	Civil Courts		Convention Center	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2010	\$ 2,255	493	\$ 12,915	4,261
2011	2,360	381	14,035	3,595
2012	2,465	270	9,940	2,986
2013	2,580	152	11,310	2,450
2014	2,685	44	12,325	1,850
2015 – 2019	—	—	10,087	13,065
2020 – 2024	—	—	21,351	22,495
2025 – 2029	—	—	32,893	40,462
2030	—	—	12,604	16,739
	\$ 12,345	1,340	\$ 137,460	107,903

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	Justice Center		Forest Park	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year ending June 30:				
2010	\$ 6,925	4,202	\$ 805	563
2011	7,250	3,875	835	533
2012	11,025	3,528	865	508
2013	7,920	2,966	895	473
2014	8,340	2,545	930	443
2015 – 2019	41,790	5,864	5,280	1,568
2020 – 2022	1,790	72	3,790	320
	<u>\$ 85,040</u>	<u>23,052</u>	<u>\$ 13,400</u>	<u>4,408</u>

	Carnahan Courthouse		Abram Building	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year ending June 30:				
2010	\$ 15	974	\$ 358	134
2011	160	974	372	119
2012	170	968	388	103
2013	175	960	404	87
2014	1,235	954	421	70
2015 – 2019	6,930	3,988	1,373	102
2020 – 2024	8,430	2,482	—	—
2025 – 2028	6,610	597	—	—
	<u>\$ 23,725</u>	<u>11,897</u>	<u>\$ 3,316</u>	<u>615</u>

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Notes to Basic Financial Statements, Continued
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	Recreation Sales Tax		Police Capital Improvement Sales Tax	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2010	\$ 910	2,326	\$ 265	1,041
2011	950	2,290	280	1,030
2012	985	2,252	290	1,020
2013	1,025	2,212	300	1,008
2014	1,065	2,172	315	996
2015 – 2019	6,065	10,165	1,760	4,787
2020 – 2024	7,645	8,661	3,860	4,282
2025 – 2029	9,660	6,675	5,285	3,261
2030 – 2034	12,220	4,119	6,570	1,973
2035 – 2039	8,900	905	4,700	429
	<u>\$ 49,425</u>	<u>41,777</u>	<u>\$ 23,625</u>	<u>19,827</u>

	Public Safety Sales Tax Pension Funding Project 2008		Juvenile Detention Center	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2010	\$ 1,445	982	\$ 465	1,084
2011	1,505	922	480	1,066
2012	1,575	851	500	1,046
2013	1,655	774	520	1,026
2014	1,735	692	540	1,006
2015 – 2019	10,255	1,870	3,055	4,684
2020 – 2024	—	—	3,710	4,022
2025 – 2029	—	—	4,570	3,163
2030 – 2034	—	—	5,695	2,039
2035 – 2038	—	—	5,545	637
	<u>\$ 18,170</u>	<u>6,091</u>	<u>\$ 25,080</u>	<u>19,773</u>

1. Pension Funding Project

The Police Retirement System and the Firemen's Retirement System filed two lawsuits in the Circuit Court of the City against the City seeking declaratory and injunctive relief and damages on the basis that the City was required to pay the entire certified amounts submitted by the Police System and the Firemen's System for their fiscal years 2004-2007. The Circuit Court granted summary judgment in favor of the Systems relative to the fiscal year 2004 suit and the City appealed the rulings. The Missouri Eastern District Court of Appeals transferred the cases to the Supreme Court of Missouri. On March 13, 2007, the Supreme Court affirmed the judgments of the Circuit Court.

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In late May 2007, the Employees Retirement System delivered notice to the City of their intent to seek similar court judgments for the alleged shortfalls in the City's funding of the Employee System for fiscal year 2004 through 2007.

On September 27, 2007, in response to these cited actions, the SLMFC issued \$140,030 in Taxable Leasehold Revenue and Refunding Bonds Series 2007- Pension Funding Project (Pension Funding Project Bonds). Included in the financing was the refunding of the Firemen's System Series 1998 Bonds in the amount of \$8,430. The distribution of funds to the retirement systems were as follows:

Firemen's Retirement System	\$	49,405
Police Retirement System		29,587
Employees' Retirement System		<u>46,699</u>
	\$	<u><u>125,691</u></u>

The Pension Funding Project Bonds is a term bond bearing an interest rate of 6.5% due June 1, 2037. They are subject to pro rata mandatory sinking fund redemption and payment prior to stated maturity on June 1, 2011 and annually on June 1 in each of the years thereafter to and including June 1, 2036 at the redemption price of 100% of the principal amount so redeemed.

The cost savings to refund the bonds was minimal. By refunding the bonds, collateral used to secure them was needed to secure the Series 2007 bonds.

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, 2009:

Governmental activities	\$	32,671
Business-type activities		9,666
Component unit—SLPD		<u>4,362</u>
	\$	<u><u>46,699</u></u>

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Principal and interest requirements for the Pension Funding Project Bonds Series 2007 are as follows:

Year ending June 30:	Pension Funding Project	
	Principal	Interest
2010	\$ —	9,102
2011	2,035	9,102
2012	2,165	8,970
2013	2,305	8,829
2014	2,455	8,680
2015 – 2019	14,895	40,783
2020 – 2024	20,410	35,268
2025 – 2029	27,960	27,718
2030 – 2034	38,310	17,369
2035 – 2038	29,495	3,914
	\$ 140,030	169,735

Of the \$140,030 of outstanding Pension Funding Project Bonds Series 2007, \$126,002 is recorded within governmental activities, \$9,666 is recorded within business-type activities, and \$4,362 is recorded within the SLPD component unit.

15. JOINT VENTURE FINANCING AGREEMENT

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

In April 1990, the 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.

b. Series C 2007 Bonds (Series C Bonds)

On August 15, 1991, the City sponsored the issuance of \$60,075 in Convention and Sports Facility Project Bonds Series C 1991 (Series C 1991 Bonds). The Series C Bonds were issued by the Authority, together with the proceeds of the Authority's \$132,910 principal amount of Convention and Sports Facility Project Bonds, Series A 1991 (State, Sponsor) (Series A Bonds) and the Authority's \$65,685 principal amount of Convention and Sports Facility Bonds, Series B 1991 (County, Sponsor) (Series B Bonds). The Series A Bonds, the Series B Bonds, and the Series C 1991 Bonds (collectively, the Project Bonds) were issued for the purpose of providing funds to finance the costs of acquiring land and constructing thereon an eastward expansion of the Cervantes Convention Center to be used as a multipurpose convention and indoor sports facility (Project).

During February 1997, the Authority issued Convention and Sports Facility Project and Refunding Bonds Series C 1997 (Series C 1997 Bonds) in the amount of \$61,285. The proceeds were used to refund, in advance of maturity, \$47,155 of the Series C 1991 bonds.

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In May 2007, the Authority issued Convention and Sports Facility Project Refunding Bonds Series C 2007 (Series C 2007 Bonds) in the amount of \$49,585. The proceeds were issued for the purpose of (i) providing funds to refund all of the Authority's \$61,285 original principal amount of Series C 1997 Bonds, and (ii) for the City to make various project improvements to the Cervantes Convention Center in the amount of \$2,421.

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 the Project Bonds, for the repayment of the Project Bonds, and for the operation and maintenance of the Project. Pursuant to the Financing Agreement, the Authority will lease the Project to the Sponsors who will sublease the project back to the Authority. The rental payments made by the Sponsors under the Financing Agreement are designed to be sufficient to pay the principal and interest on the Project Bonds. The preservation payments to be made by the Sponsors under the Financing Agreement will be used to pay for repairs and replacement of major Project components and renovation necessary to maintain the Project. A portion of the preservation payments from each sponsor was deposited to the bond fund of the Authority each year from 1994 through 1999 to pay principal and interest on the Project Bonds. 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, 2009, the City's obligation for the Series C Bonds and net preservation payments (after deposits to the bond fund) payable from the general fund under the Financing Agreement is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Preservation Payments</u>	<u>Total</u>
Year ending June 30:				
2010	\$ 2,565	2,357	1,078	6,000
2011	2,700	2,219	1,081	6,000
2012	2,840	2,073	1,087	6,000
2013	2,990	1,920	1,090	6,000
2014	3,145	1,759	1,096	6,000
2015 – 2019	18,410	6,066	5,524	30,000
2020 – 2022	13,525	1,090	385	15,000
	<u>\$ 46,175</u>	<u>17,484</u>	<u>11,341</u>	<u>75,000</u>

Series C Bonds' principal and the preservation payments are included in the City's basic financial statements as a long-term liability.

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Notes to Basic Financial Statements, Continued
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16. COMPONENT UNIT—LONG-TERM LIABILITIES

a. Component Unit – SLDC Long-Term Liabilities

The following is a summary of changes in long-term liabilities for SLDC for the year ended June 30, 2009:

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Due Within One Year
Due to other governmental agencies	\$ 11,919	1,736	(1,799)	11,856	2,800
Notes payable	7,961	540	(736)	7,765	5,360
Other liabilities	5,384	1,075	(2,015)	4,444	1,805
Revenue bonds	12,130	—	(365)	11,765	645
	<u>\$ 37,394</u>	<u>3,351</u>	<u>(4,915)</u>	<u>35,830</u>	<u>10,610</u>

Maturities on notes payable are as follows:

Year ending June 30:	Principal	Interest	Total
2010	\$ 5,360	107	5,467
2011	1,900	10	1,910
2012	505	2	507
	<u>\$ 7,765</u>	<u>119</u>	<u>7,884</u>

Revenue bonds outstanding at June 30, 2009 consist of LCRA Parking Facility Revenue Bonds Series 1999A (Series 1999A bonds), Parking Facility Revenue Refunding Bonds Series 1999B (Series 1999B bonds), and Parking Facility Revenue Refunding and Improvement Bonds Series 1999C (Series 1999C bonds) (Bonds). Collectively, the Bonds are dated October 21, 1999.

The Series 1999A bonds with an original issue amount of \$2,470 are due at intervals until September 1, 2009. These bonds carry rates of interest ranging from 7.625% to 9.0%.

The Series 1999B bonds with an original issue amount of \$8,300 are due at intervals until September 1, 2019, and are payable solely from, and secured by, a pledge of gross revenues from the operation of SLDC Parking Facilities' St. Louis Centre East Parking Garage. The bonds may be redeemed prior to maturity at the option of LCRA and are subject to special mandatory redemption prior to maturity following the occurrence of a determination of taxability as defined in the bond indenture. These bonds carry rates of interest ranging from 6.5% to 7.0%.

The Series 1999C bonds with an original issue amount of \$3,040 are due September 1, 2024. Bond proceeds were to repay an LCRA note payable and construct a parking lot on property in the St. Louis Centre Development Area. The bonds may be redeemed prior to maturity at the option of LCRA and are subject to special mandatory redemption prior to maturity following the occurrence of a

City of St. Louis, Missouri
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determination of taxability as defined in the bond indenture. These bonds carry a rate of interest of 7.05%.

Debt service requirements to maturity for SLDC revenue bonds are as follows:

	Series 1999A		Series 1999B		Series 1999C	
	Principal	Interest	Principal	Interest	Principal	Interest
Year ending June 30:						
2010	\$ 425	19	220	562	—	214
2011	—	—	430	541	—	214
2012	—	—	455	512	—	215
2013	—	—	485	481	—	214
2014	—	—	515	448	—	214
2015 – 2019	—	—	3,125	1,648	—	1,072
2020 – 2024	—	—	3,070	108	1,980	869
2025	—	—	—	—	1,060	37
	\$ 425	19	8,300	4,300	3,040	3,049

b. Component Unit— SLPD Long-Term Liabilities

The following is a summary of changes in long-term liabilities for SLPD for the year ended June 30, 2009:

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Due within One Year
Accrued banked overtime, vacation, and sick time leave	\$ 28,609	17,573	(18,461)	27,721	17,475
Worker's compensation	17,643	2,938	(3,594)	16,987	4,942
Net pension obligation	2,962	2,616	(2,425)	3,153	—
Pension obligation payable	4,362	—	—	4,362	—
Claims payable	1,500	600	—	2,100	2,100
Net OPEB obligation	16,405	23,761	(7,904)	32,262	8,984
	\$ 71,481	47,488	(32,384)	86,585	33,501

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17. REVENUE BONDS PAYABLE

a. Airport

Bonds outstanding at June 30, 2009 are summarized as follows:

Bond Series 1997, Series B, interest rate of 6%, payable in varying amounts through 2015	\$	31,165
Bond Series 1998, interest rate of 5.13%, payable in varying amounts through 2016		44,235
Bond Series 2001A, interest rates ranging from 4.40% to 5.50%, payable in varying amounts through 2012		18,970
Bond Series 2002, Series A, B, and C, interest rates ranging from 4.0% to 5.50%, payable in varying amounts through 2033		41,820
Bond Series 2003A, interest rates ranging from 3.20% to 5.25%, payable in varying amounts through 2019		61,210
Bond Series 2005, interest rate ranging from 4.00% to 5.50%, payable in varying amounts through 2032		263,695
Bond Series 2007A, interest rate ranging from 4.00% to 5.25%, payable in varying amounts through 2033		231,275
Bond Series 2007B, interest rate ranging of 5.00%, payable in varying amounts through 2028		104,735
		797,105
Less:		
Current maturities		(21,670)
Unamortized discounts and premiums		52,688
Deferred amounts on refunding		(31,689)
	\$	796,434

As of June 30, 2009, the Airport's aggregate debt service requirements for the next five years and in five-year increments thereafter are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2010	\$ 21,670	40,594	62,264
2011	24,015	39,380	63,395
2012	25,965	38,061	64,026
2013	27,030	36,673	63,703
2014	35,975	35,074	71,049
2015 – 2019	192,610	146,032	338,642
2020 – 2024	175,865	98,429	274,294
2025 – 2029	181,880	53,171	235,051
2030 – 2034	112,095	9,656	121,751
	\$ 797,105	497,070	1,294,175

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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, 2009, \$536,180 of outstanding revenue bonds are considered defeased.

b. Water Division

Water revenue bonds outstanding at June 30, 2009 are payable solely from, and secured by, a pledge of net revenues from the operation of the Water Division and are summarized as follows:

Series 1998 Water Revenue Bonds, 4.15% - 4.75%		
Payable in varying amounts through July 1, 2014	\$	23,025
Less:		
Current maturities		(3,440)
Deferred amount on refunding		(460)
Unamortized discounts		(31)
	\$	<u>19,094</u>

Debt service requirements to maturity of the 1998 Water Revenue Bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2010	\$ 3,440	959	4,399
2011	3,585	809	4,394
2012	3,740	650	4,390
2013	3,905	480	4,385
2014	4,085	297	4,382
2015	4,270	102	4,372
	<u>\$ 23,025</u>	<u>3,297</u>	<u>26,322</u>

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Notes to Basic Financial Statements, Continued
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c. Parking Division

Revenue bonds outstanding at June 30, 2009 are as follows:

SLPCFC Series 2003A tax-exempt revenue bonds interest rates variable not to exceed 12% payable in varying amounts through 2028	\$	4,235
SLPCFC Series 2003B taxable revenue bonds interest rates variable not to exceed 5% payable in varying amounts through 2038		6,504
Series 2006 revenue bonds interest ranging from 3.75% to 5.14% payable in varying amounts through 2032		55,410
Series 2007 revenue bonds interest ranging from 4.125% to 6.00% payable in varying amounts through 2034		12,705
		78,854
Less:		
Current maturities		(1,879)
Unamortized discount and deferred loss on refunding		(5,856)
	\$	71,119

The Series 2003A bonds are secured by an irrevocable direct pay letter of credit with the Bank of America, N.A. (the Bank) in the original amount of \$6,807. The letter of credit automatically extended for successive one-year periods until the absolute termination date of June 6, 2028, unless written notice is given not less than one year prior to the actual or anticipated termination date beyond which the Bank elects not to renew the letter of credit. As of June 30, 2009, there are no outstanding draws related to this letter of credit.

Debt service requirements for the Parking Division revenue bonds are as follows:

	Principal	Interest	Total
Year ending June 30:			
2010	\$ 1,879	3,639	5,518
2011	1,973	3,551	5,524
2012	2,074	3,452	5,526
2013	2,186	3,354	5,540
2014	2,298	3,242	5,540
2015 – 2019	13,433	14,570	28,003
2020 – 2024	16,905	11,318	28,223
2025 – 2029	19,412	7,247	26,659
2030 – 2034	16,999	2,000	18,999
2035 – 2038	1,695	211	1,906
	\$ 78,854	52,584	131,438

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In prior years, the Parking Division advance refunded various 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, 2009, \$18,775 of outstanding revenue bonds are considered defeased.

18. PLEGGED 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, 2009, the total principal and interest remaining to be paid on the debt is \$65,515. Principal and interest paid was \$6,231 for the year ended June 30, 2009. The pledged net revenue recognized for the year ended June 30, 2009 was \$5,410. During fiscal year 2009, 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 are to assist in development of blighted properties. The debt outstanding is payable from the related pledged revenues through year 2030. 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. Annual principal and interest payments on the bonds are expected to require 100% of estimated related net revenues. As of June 30, 2009, the total principal and interest remaining is \$343,771, which includes the Section 108 Loan for the Convention Center Hotel principal and interest outstanding because it is backed by TIF funds. Principal and interest paid was \$19,626 for the year ended June 30, 2009. The pledged net revenue recognized for the year ended June 30, 2009 was \$16,889. During fiscal year 2009, 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

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interest payments on the bonds are expected to require 100% of estimated related net revenues. As of June 30, 2009, the total principal and interest remaining on these financings is \$49,307. Principal and interest paid was \$3,718 for the year ended June 30, 2009. The pledged net revenue recognized for the year ended June 30, 2009 was \$1,499. During fiscal year 2009, 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, 2009, total principal and interest remaining on the debt is \$108,092. Principal and interest paid was \$11,127 for the year ended June 30, 2009. The pledged net revenue recognized for the year ended June 30, 2009 was \$6,535. During fiscal year 2009, 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. As of June 30, 2009, total principal and interest remaining on the debt is \$17,808. Principal and interest paid was \$1,372 for the year ended June 30, 2009. The pledged net revenue recognized for the year ended June 30, 2009 was \$1,814. During fiscal year 2009, the proportion of pledged revenues needed to revenues collected was 75.6%.

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, 2009, total principal and interest remaining on the debt is \$91,202. Principal and interest paid was \$3,236 for the year ended June 30, 2009. The pledged net revenue recognized for the year ended June 30, 2009 was \$4,280. During fiscal year 2009, the proportion of pledged revenues needed to revenues collected was 75.6%.

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, 2009, total principal and interest remaining on the debt is \$43,452. Principal and interest paid was \$1,310 for the year ended June 30, 2009. The pledged net revenue recognized for the year ended June 30, 2009 was \$1,742. During fiscal year 2009, the proportion of pledged revenues needed to revenues collected was 75.2%.

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The 3.5% sales tax imposed on the amount of sales or charges for all rooms paid by the transient guests of hotels and motels is pledged by the City to fund the Convention and Sports Facility Refunding Bonds Series C 2007, whose purpose was to construct a multipurpose convention and indoor sports facility. 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, 2009, total principal and interest remaining on the debt is \$75,000. Principal and interest paid was \$6,000 for the year ended June 30, 2009. The pledged net revenue recognized for the year ended June 30, 2009 was \$6,513. During fiscal year 2009, the proportion of pledged revenues needed to revenues collected was 92.1%.

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, 2009, total principal and interest outstanding on this portion of the debt is \$12,308. The pledged net revenue recognized for the year ended June 30, 2009 related to the collection of PILOTs and EATs was \$982. During fiscal year 2009, 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 & 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, 2009, total principal and interest remaining on the debt is \$56,132. During fiscal year 2008, revenue from the police parking ticket revenues totaled \$1,852. Since Parking Division revenues for fiscal year 2009 and cash held at the trustee were sufficient to pay the debt service requirement, no general fund revenues were necessary for fiscal year 2009. See footnote 18b.

b. Business-type activities

Airport

The Airport has pledged a specific revenue stream, net of specific operating expenses, to secure the repayment of \$797,105 in various long-term debt issuances, as outlined in note 17. 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 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, 2009, the total principal and interest remaining to be paid on the bonds is \$1,294,175. Principal and interest paid was \$62,300 for the year ended June 30, 2009. The pledged net revenue recognized for the year ended June 30, 2009 was \$83,907.

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Water

The Water Division has pledged all Water Division revenues to secure repayment of the Water Revenue Refunding Bonds (Series 1998 Bonds). The bonds were issued for the purpose of funding various Water Division infrastructures. As of June 30, 2009, the remaining principal and interest requirement is \$26,322, payable through July 2014 (fiscal year 2015). Fiscal year 2009 net revenues were \$49,231 so the proportion of pledged revenue to revenue collected is estimated at 8.9% at June 30, 2009.

Parking

The Parking Division has pledged net Parking Division project revenues and net Parking Division revenues to secure the repayment the City of St. Louis Parking Revenue Bonds, Series 2006 & 2007. The general purpose of the bonds is to build parking facilities in the City. As of June 30, 2009, the remaining principal and interest requirement is \$112,263, payable through fiscal year 2034. Fiscal year 2009 net revenues were \$4,202 so that the proportion of pledged revenues needed to revenues collected was 100% for fiscal year 2009.

19. SHORT-TERM DEBT

a. City

The City issued \$50,000 of *general fund Tax and Revenue Anticipation notes dated July 1, 2008 and redeemed June 30, 2009*. 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.

In order to secure the Justice Center Series 2000 bonds and the Series 2005 bonds, a surety bond was purchased from Ambac. Events involving the credit exposure of certain monoline bond insurers resulted in Ambac's credit ratings from Moody's and S&P being reduced from Aaa/AAA to Baa1/AA, respectively. Due to Ambac's downgrades, the surety policy failed to satisfy the Indenture requirements which states the provider must be rated in one of the two highest rating categories. A Letter of Credit was issued in February 2009 from Bank of America, N.A. which satisfied the requirements of the Indenture until June 2009. In June 2009, a Promissory Note was issued by Bank of America, N.A. to satisfy the requirements of the Indenture until June 29, 2010 when further provisions will be made. Since the note is not expected to be paid with current financial resources, it does not represent a liability in the government funds, and the note is recorded as short-term debt within the government-wide financial statements.

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Short-term debt activity for the year ended June 30, 2009 was as follows:

	Balance June 30, 2008	Issued	Redeemed	Balance June 30, 2009
Tax revenue anticipation notes	\$ —	50,000	(50,000)	—
Notes payable-Justice Center DSR	—	9,068	—	9,068
	<u>\$ —</u>	<u>59,068</u>	<u>(50,000)</u>	<u>9,068</u>

b. Airport

On May 1, 2004, the City's Board of Alderman authorized the Airport to issue Commercial Paper Notes, 2004 Program, in an aggregate principal amount not to exceed \$125,000 outstanding at any one time. As of June 30, 2009, commercial paper of \$25,000 was outstanding. The commercial paper outstanding at June 30, 2009 consisted of \$1,000 Commercial Paper Series A, due on July 28, 2009 at an interest rate of 0.65%, and \$24,000 Commercial Paper Series C, due on July 13, 2009 at an interest rate of 4.25%.

Following is a summary of the changes in commercial paper payable for the Airport for the year ended June 30, 2009:

	Balance June 30, 2008	Issued	Redeemed	Balance June 30, 2009
Commerical paper payable	\$ 1,000	28,000	(4,000)	25,000

20. FORWARD PURCHASE AGREEMENTS

a. Objective of the Forward Purchase Agreements

The Airport and Water Division have entered into eight forward purchase agreements with financial institutions, which guarantee a fixed rate of return on the invested proceeds of the debt service and debt service reserve funds of certain revenue bond issuances. The Airport and Water Division entered into these agreements in order to ensure that their investments will earn a guaranteed rate of interest regardless of fluctuations in market interest rates.

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Notes to Basic Financial Statements, Continued
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b. Terms

The terms of Airport forward purchase agreements I – IV are as follows:

	Airport I	Airport II	Airport III	Airport IV
Date of origin	June 1995	December 2003, as amended July 2005	December 2003, as amended January 2007	December 2003, as amended July 2005 and January 2007
Underlying bond account(s)	Series 1996, Series 2002C, Series 2003B debt service	Series 1997 A, Series 2005 debt service	Series 1997B debt service	Series 2001A, Series 2005, Series 2007A debt service
Guaranteed interest rate	6.34%	5.34%	5.35%	Series 2001A: 5.432% Series 2005: 5.432% Series 2007A: 5.440%
Lump-sum payment received at beginning of agreement	\$7,209	N/A	N/A	N/A
Date of termination (upon maturity of bond series)	2015	2027	2014	2031
Notional amount (representing balance in applicable accounts)	\$1,169	\$960	\$5,465	\$17,035
Obligation (representing the unamortized portion of lump-sum payment) recorded on the statement of fund net assets at June 30, 2009	\$627	N/A	N/A	N/A

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The terms of Airport forward purchase agreements V – VII and the Water Division forward purchase agreement are as follows:

	Airport V	Airport VI	Airport VII	Water Division
Date of origin	December 2003, as amended July 2005 and January 2007	December 2003	December 2003	February 1996
Underlying bond account(s)	Series 2002A, Series 2005 debt services	Series 2002B debt service	Series 2003A debt service	Series 1994 and Series 1998 debt service
Guaranteed interest rate	5.473%	5.332%	5.579%	6.200%
Lump-sum payment received at beginning of agreement	N/A	N/A	N/A	\$941
Date of termination (upon maturity of bond series)	2020	2032	2018	2015
Notional amount (representing balance in applicable accounts)	\$674	\$1,421	\$6,383	\$4,050
Obligation (representing the unamortized portion of the initial lump-sum payment) recorded on the statement of fund net assets at June 30, 2009	N/A	N/A	N/A	\$184

For the Airport forward purchase agreement I and the Water Division forward purchase agreement, in exchange for the lump-sum payment received, the City has contracted to buy qualified eligible securities from financial institutions every month until the bonds mature, are called, or are refinanced. These institutions receive the actual interest earned on the securities purchased every month. The difference between the fixed interest rate earned by the City and the variable interest rate paid to the financial institution is recorded as a net adjustment to net interest expense.

For the Airport forward purchase agreements II through VII, the City has contracted to buy qualified eligible securities from a financial institution on a semiannual basis and the financial institution has guaranteed that the securities will earn a stated rate. To the extent the securities earn a greater rate of return, the City is required to refund the differential to the financial institution, if a lesser rate is earned, the financial institution absorbs the loss.

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c. Fair Value

As disclosed above, the City's obligations associated with Airport forward purchase agreement I and the Water Division forward purchase agreement are recorded on the financial statements as other liabilities. This liability represents the unamortized portion of the initial lump-sum payment received pursuant to these agreements.

The fair value of the remaining forward purchase agreements, under which no initial lump-sum payments were received, is not recorded on the financial statements. As of June 30, 2009, these fair values are as follows:

Agreement	Fair Value
Airport II	\$ (372)
Airport III	(485)
Airport IV	(5,251)
Airport V	(134)
Airport VI	(282)
Airport VII	(370)

These fair values were calculated using the following method: the variable rate of return to be retained by the financial institutions was assumed to be the rate of a return available at June 30, 2009 for a U.S. Treasury obligation with a comparable length of time remaining until maturity. The variable rate of return was then subtracted from the fixed rate of return guaranteed, and multiplied by the securities required to be invested under the agreements for all future periods. The resulting differential in future cash flows was discounted to the present at the rate of a return available at June 30, 2009 for a U.S. Treasury obligation with a comparable length of time remaining until maturity.

d. Credit Risk

The forward purchase agreements' fair value represents the credit exposure of the Airport and the Water Division to the financial institutions as of June 30, 2009. Should the financial institutions fail to perform according to the terms of the agreement, the Airport and the Water face a maximum possible loss equivalent to the agreements' fair value.

e. Interest Rate Risk

The forward purchase agreement exposes the Airport and the Water Division to interest rate risk. Should interest rates increase above the levels guaranteed by the agreement, the financial institution, and not the Airport, the Water Division would realize this increase in investment earnings.

f. Termination Risk

Should the Airport or the Water Division terminate the agreements or default on their obligations pursuant to the agreements, a termination payment would either be owed to or due from the financial institution, and would be calculated based upon market interest rate conditions at the time of the termination.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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21. OPERATING LEASES

- a. At June 30, 2009, 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:	
2010	\$ 917
2011	860
2012	803
2013	755
2014	733
2015 – 2019	2,509
2020 – 2024	250
2025 – 2028	188
	\$ 7,015

Rental and lease expenditures for the fiscal year 2009 totaled \$2,997.

- b. Airport – Use Agreements and Leases with Participating Air Carriers

Effective January 1, 2006, the Airport entered into new long-term use and lease agreements with participating air carriers that expires on June 30, 2011. Under the terms of the use agreements and leases, 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, which is calculated as the difference between estimated and actual costs incurred and estimated and actual landing weights. These revenues are included in aviation revenue—airfield.
- Rentals are calculated based on estimated operating and maintenance expenses of the terminal and concourse areas and hangars, cargo, and maintenance facilities, and allocated to the air carriers on the basis of square footage utilized. Rental revenue is adjusted each year by retroactive rate adjustment, which 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.

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During fiscal year 2009, revenues from participating air carriers accounted for 61% 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 participating and non-participating air carriers for the year ended June 30, 2009:

	<u>Participating</u>	<u>Non-participating</u>	<u>Total</u>
Airfield	\$ 59,516	9,546	69,062
Terminal and concourses	21,023	1,668	22,691
Hangars and other buildings	822	46	868
Cargo buildings	661	137	798
	<u>\$ 82,022</u>	<u>11,397</u>	<u>93,419</u>

The Airport also leases facilities and land with varying renewal privileges to various non-participating 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 noncancelable operating leases, other than leases with participating airlines, pursuant to long-term use agreements:

Year ending June 30:	
2010	\$ 15,767
2011	8,834
2012	7,317
2013	5,716
2014	5,629
2015 – 2019	25,304
2020 – 2024	8,635
2025 – 2029	3,782
2030 – 2034	3,782
2035	396
Total minimum future rentals	<u>\$ 85,162</u>

The above amounts do not include contingent rentals that may be received under certain leases. Such contingent rentals amounted to \$4,815 for the year ended June 30, 2009.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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The Airport leases computer and other equipment and has service agreements under noncancelable arrangements that expire at various dates through 2013. Expenses for operating leases and service agreements were \$117 for the year ended June 30, 2009. Future minimum payments are as follows:

Year ending June 30:	
2010	\$ 126
2011	90
2012	52
2013	<u>7</u>
Total minimum future rentals	<u>\$ 275</u>

c. Component Unit—SLDC

In December 1996, SLDC signed a five-year lease for office space, which commenced March 1997 with three months abated rent and thereafter, monthly base payments of \$38 through February 2002. In January 2001, SLDC signed an agreement to extend the lease for 15 years. The new agreement, which increased the base rent to \$47 and the leased space to 6,216 square feet, will end February 2017. SLDC also has sublease agreements with the Planning and Urban Design Development Agency (PDA) and CDA in effect through February 2017.

Future minimum base rents under the terms of the lease agreements, net of sublease rents anticipated from CDA and PDA, are as follows:

Year ending June 30:	
2010	\$ 255
2011	255
2012	270
2013	301
2014	301
2015 – 2017	<u>803</u>
	<u>\$ 2,185</u>

Additionally, at June 30, 2009, SLDC was committed through February 2012 under an original 25-year operating lease with the City, which requires annual rental payments of \$1 (in dollars) for certain property. 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 site.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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22. INTERFUND BALANCES

Individual fund interfund receivable and payable balances as of June 30, 2009 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Special revenue—Grants fund	\$ 14,258
	Other governmental nonmajor funds	48
	Enterprise:	
	Airport	1,624
	Water Division	1,671
	Parking Division	219
	Internal service funds	58
		<u>17,878</u>
Other governmental nonmajor funds	General fund	1,157
	Capital projects fund	235
	Other governmental nonmajor funds	914
		<u>2,306</u>
Internal service funds	General fund	133
	Enterprise:	
	Airport	2,552
	Water Division	2,117
	Parking Division	254
	<u>5,056</u>	
	<u>\$ 25,240</u>	

All of these interfund balances are due to either timing differences or due to the elimination of negative cash balances within the various funds. All interfund balances are expected to be repaid during the fiscal year ending June 30, 2010.

Advances to/from other funds as of June 30, 2009 are as follows:

<u>Advance from</u>	<u>Advance to</u>	<u>Amount</u>
General fund	Internal Service Fund	\$ <u>16,090</u>

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Notes to Basic Financial Statements, Continued
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23. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2009 consisted of the following:

		<u>Transfer To</u>					
		<u>General</u>	<u>Capital</u>	<u>Other</u>	<u>Water</u>	<u>Parking</u>	<u>Total</u>
		<u>Fund</u>	<u>Projects</u>	<u>Govern-</u>	<u>Division</u>	<u>Division</u>	
			<u>Fund</u>	<u>mental</u>			
				<u>Funds</u>			
	General fund	\$ —	1,716	4,242	—	—	5,958
	Capital Projects fund	41	—	—	—	—	41
	Other Governmental						
	Funds	25,223	10,605	114	—	607	36,549
Transfer							
From	Airport	5,831	—	—	—	—	5,831
	Water Division	2,777	—	—	—	—	2,777
	Parking Division	300	—	—	—	—	300
		<u>\$ 34,172</u>	<u>12,321</u>	<u>4,356</u>	<u>—</u>	<u>607</u>	<u>51,456</u>

Interfund transfers were used to: (1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance capital improvements and other funds in accordance with budgetary authorization, or (3) move revenues in excess of current year expenditures to other funds. Additionally, gross receipt payments from the Airport, the Water Division, and the Parking Division are handled as transfers from each respective enterprise fund to the general fund.

24. 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, 2009, 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.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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b. Landfill Closure

Pursuant to the original agreement between the DNR and the City, the City will be closing the Hall Street Landfill. The property was a 47-acre demolition waste landfill located at 8700 Hall Street. The property is owned by SLDC. The City holds the operating permit and is responsible for the closing. In July 2001, the City entered into an irrevocable standby letter of credit in the amount of \$4,174 with DNR as the beneficiary which it renews annually and will continue to do so until the landfill is fully closed. DNR may draw upon that letter of credit to complete the closure if the City does not fulfill its obligations under the agreement. The agreement would also allow for the City to incur penalties if all conditions are not met. The City Counselors Office has revised the outlook from reasonably possible to a remote possibility due to further conversations with DNR. Due to this change, the liability recorded regarding this penalty has been eliminated.

Presently, there are two issues that remain – three sections have been satisfactorily closed; one section is still under scrutiny due to methane gas which the City must remediate. At June 30, 2009, a liability has been recorded in the amount of \$250 for this remediation. Also, the landfill originally encroached on private property and the City through LRA has acquired most but not all of this property. There is a two acre piece that still needs to be acquired and the City is in negotiations with the property owner. Although, all efforts may have been made to properly seal the landfill for closure, it cannot be officially closed until this last piece of land is acquired.

c. Commitments

At June 30, 2009, the City had outstanding commitments amounting to approximately \$76,115, resulting primarily from service agreements.

Additionally, at June 30, 2009, the Airport had outstanding commitments amounting to approximately \$45,924 resulting primarily from contracts for construction projects both related and unrelated to the W-1W expansion project.

d. American Airlines and Southwest Airlines

American Airlines (American) and Southwest Airlines (Southwest) represent the major air carriers providing air passenger service at the Airport.

American provided 20% of the Airport's total operating revenues and 34% of total revenues from participating air carriers for the fiscal year ended June 30, 2009. Accounts receivable at June 30, 2009 contained of \$2,069 relating to amounts owed to the Airport by American. These amounts include \$1,193 of unbilled aviation revenues at June 30, 2009.

Southwest provided 20% of the Airport's total operating revenues and 34% of total revenues from participating air carriers for the fiscal year ended June 30, 2009. Accounts receivable at June 30, 2009 contained of \$4,269 relating to amounts owed to the Airport by Southwest. These amounts include \$2,090 of unbilled aviation revenues at June 30, 2009.

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Notes to Basic Financial Statements, Continued
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e. Airport Expansion

During the year ended June 30, 2008, as a result of an agreement between the City of St. Louis and City of Bridgeton (Bridgeton), the Airport recognized a \$30,532 loss on the disposal of surplus property, which was originally acquired by the Airport for the purpose of noise mitigation and airport expansion. This agreement resolves and settles the remaining disputes between the Airport and Bridgeton. The key items in the agreement require the Airport to (1) pay over a three year period, \$10,800 to Bridgeton, (2) convey to Bridgeton approximately forty-two acres of land, and (3) lease to Bridgeton various parcels of land. Other key items in the agreement require Bridgeton to convey to the Airport approximately twenty-six acres of land. The land conveyed to Bridgeton by the Airport was originally recorded at cost. The cost of the land capitalized by the Airport in prior years represented all costs associated with preparing the land for its intended purpose of noise mitigation and airport expansion, including the costs of acquiring the land and returning the land to an undeveloped state. The land conveyed to the Airport by Bridgeton was recorded at fair market value. The difference resulted in a loss to the Airport. The terms of settlement for the surplus land included restrictions on the use of land resulting from its proximity to the Airport. Approximately ten acres of the land conveyed to the Airport will be leased to Bridgeton.

The above land transactions are part of a larger settlement agreement with Bridgeton. The Airport obtained FAA approval on the settlement agreement prior to closing on the agreement. As such, the Airport did not receive cash, but consideration in the form of an exchange of similar properties. The receipt of these properties will complete the land acquisition of all remaining properties owned by Bridgeton that are within the W-1W boundaries. As stated in the preceding paragraph, the Airport will pay over a three year period, \$10,800 to Bridgeton. In fiscal years 2010, and 2011 \$4,000, and \$3,500 respectively is due to Bridgeton. The liability totaled \$7,500 as of June 30, 2009, and \$4,000 is included in accounts payable and accrued expenses with the remaining \$3,500 included in other long-term liabilities within the accompanying balance sheet at June 30, 2009.

During the year ended June 30, 2009, the Airport recognized a \$222 loss on the sale of surplus property, which was originally acquired by the Airport for the purpose of noise mitigation and airport expansion. The surplus property was a tract of land containing approximately 3 acres and will be developed for commercial purposes. The terms of the sale for the surplus land included restrictions on the use of land resulting from its proximity to the Airport. The Airport has recorded the \$1,175 proceeds from the sale of the surplus property as net assets restricted for the Airport Improvement Program at June 30, 2009.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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f. 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.

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 financial 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 \$5,453 during the year ended June 30, 2009.

SLDC has received three allocation awards of New Market Tax Credit (NMTC) investment authority pursuant to Section 45D of the internal Revenue Code: a Round 2, \$52 million allocation received in 2005, a Round 6, \$45 million allocation in October 2008, and a Round 7, \$65 million allocation received in October 2009 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 20 subsidiary CDEs – St. Louis Market Tax Credit Fund, LLCI through XX with the intent that each NMTC to be allocated would be assigned its own CDE. The entire Round 2, \$52 million of tax credits has been allocated to seven entities and all of the transactions had closed as of June 30, 2008. Six entities were selected through a Request for Proposals to receive sub-allocations from SLDC's Round 6 allocation. One of these transactions has closed. An RFP has been issued seeking project uses for the Round 7 allocation announced in October 2009.

h. Component Units—SLDC and SLPD

SLDC and SLPD receive 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

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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agreements and are subject to audit by the granting agencies. Any disallowed claims resulting from such audits could become an SLDC or SLPD liability. However, in the opinion of their respective management, any such disallowed claims will not have a material effect on the financial statements of SLDC or SLPD at June 30, 2009.

25. RISK MANAGEMENT

a. Primary Government

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 \$19,978 at June 30, 2009, relating to these matters is recorded in the self-insurance internal service fund—PFPC. 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 \$391 at June 30, 2009 relating to such matters is recorded in the self-insurance internal service fund—health.

Additionally, as of June 30, 2009, the following claims were recorded/accrued within the noted funds because the claims are not accounted for within the PFPC internal service fund; Airport in the amount of \$52; Water in the amount of \$134; General fund in the amount of \$198; and Special Revenue fund in the amount of \$39.

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, 2009 and, for the years ended June 30, 2009, 2008, and 2007 settlements did not exceed coverage.

Changes in the self-insurance claims liability for the years ended June 30, 2009 and 2008 are as follows:

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2009
(dollars in thousands)

	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance
2009	\$ 16,849	17,262	(13,742)	20,369
2008	16,344	14,106	(13,601)	16,849

Additionally, there is an estimate of general liability claims outstanding of \$9,340 to \$9,490, 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 estimate able.

b. Component Unit—SLPD

SLPD 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. 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.

During fiscal year 2005, the Court of Appeals for the State of Missouri affirmed that under Missouri State Statutes, Chapter 84, the SLPD is 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 legislations 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 is 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 of St. Louis, up to a maximum of \$1,000. The SLPD is 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. Accounting for and funding of these self-insured risks is generally covered by the City. At June 30, 2009, claims payable of \$2,100, represents the amount attributable to a lawsuit with a probable adverse outcome potential that is not covered by the City. Additionally, at June 30, 2009, \$50 of claims with a reasonable possibility of adverse outcome were not covered by the City. No amounts have been accrued within the accompanying financial statements for these claims.

SLPD has established a risk management program and retains the risk related to workers' compensation. At June 30, 2009, these liabilities amounted to \$16,987 for workers' compensation. Of SLPD's total worker's compensation liability, \$9,111 has been accrued for benefits to be paid for long-term medical care for an officer seriously injured in the line of duty. Benefit payments for this case amounted to approximately \$219 for the year ended June 30, 2009.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2009
(dollars in thousands)

Changes in the balances of claims payable and workers' compensation claims liabilities during fiscal years ended June 30, 2009 and 2008 were as follows:

	<u>Beginning of year</u>	<u>Incurred claims and changes in estimates</u>	<u>Claim payments</u>	<u>End of year</u>
Claims payable:				
2009	\$ 1,500	600	—	2,100
2008	—	1,500	—	1,500
Worker's compensation claims:				
2009	\$ 17,643	2,938	(3,594)	16,987
2008	40,357	(17,710)	(5,004)	17,643

The SLPD obtains periodic funding valuations from a third-party administrator who manages workers' compensation claims to maintain the appropriate level of estimated claims liability. The SLPD also purchases excess liability coverage for workers' compensation claims.

26. 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.

27. 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 organization. These organizations enter into lease agreements with SLDC that are, in substance, sales of the related properties or improvements. SLDC assigns these leases to various trusts that collect the lease payments to satisfy the debt service requirements. After SLDC assigns the leases to the trusts, the properties are no longer under their control and they have no liability for the bonds. Therefore, transactions related to the leases and the bond liability are not presented in SLDC's financial

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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statements. The amount of tax-exempt bonds outstanding at June 30, 2009 could not be determined; however, the original issue amounts totaled approximately \$2 billion (in dollars).

28. TRANSPORTATION DEVELOPMENT DISTRICT

In August 2003, the City and a hotel developer entered into an agreement for the creation of a transportation development district (TDD). The TDD is a separate political subdivision of the State. Its boundaries coincide with the property upon which the hotel developer is constructing a new 206-room hotel and 415-car garage. During 2005, the TDD issued \$6,350 in TDD obligations to finance this construction. The TDD has the authority to levy a 1% sales tax within the district in order to repay this debt, which the City collects on behalf of the TDD and remits to the TDD. Since the TDD obligations were issued in the name of the TDD, and the 1% sales tax that will finance these obligations is levied under the authority of the TDD, these TDD obligations are not recorded as a liability within the accompanying financial statements. Additionally, the City has agreed to pledge 75% of the City tax revenues generated within the district to the TDD in exchange for the TDD's pledge to leave at least 200 of the spaces in the parking garage available for public use.

On October 13, 2006, the City and the Southtown TDD entered into an Intergovernmental Cooperation Agreement in which the district has pledged an annual appropriation of the TDD Revenue to pay debt service on the portion of the TIF bonds related to the transportation projects. TDD revenues cannot exceed 13.7295% of the debt service requirements.

On April 5, 2007, the City and the Highlands TDD entered into an Intergovernmental Cooperation Access and Parking Agreement in which the district has pledged an annual appropriation of the TDD Revenues to pay TDD notes. A TDD Revenue Note Series 2007B was issued in the amount of \$605 at an interest rate of 6%. Since the TDD obligations were issued in the name of the TDD, and the 1% sales tax which will finance these obligations is levied under the authority of the TDD, these TDD obligations are not recorded as a liability within the accompanying financial statements.

29. FUTURE ACCOUNTING PRONOUNCEMENTS

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* (GASB Statement No. 51). This statement establishes accounting and financial reporting requirements for intangible assets, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. GASB Statement No. 51 is effective for the City for the year ending June 30, 2010, as applicable.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB Statement No. 53). This statement is intended to improve how state and local governments report information about derivative instruments, financial arrangements used by governments to manage specific risks or make investments, in their financial statements. The statement specifically requires governments to measure most derivative instruments at fair value in their financial statements. The guidance in this statement also addresses hedge accounting requirements and is effective for the City for the year ending June 30, 2010, as applicable.

The City has not completed its assessment of the impact of the adoption of these statements.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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30. 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. In July 2009, the City issued \$55,000 in Tax and Revenue Anticipation Notes payable from the general fund. The notes mature on June 30, 2010 and bear interest at a rate of 2.00% per year.

b. Tax Increment Revenue Notes

Subsequent to June 30, 2009, the City issued tax increment revenue notes totaling \$16,961 with interest rates ranging from 7.0% to 8.08%.

c. Convention Center Capital Improvement Projects Compound Interest Leasehold Revenue Bonds, Series 2009A and Convention Center Capital Improvement Projects Current Interest Junior Lien Leasehold Revenue Bonds, Series 2009B

On July 2, 2009, the SLMFC issued the Convention Center Capital Improvement Projects Compound Interest Leasehold Revenue Bonds, Series 2009A in the amount of \$7,762 and Infrastructure and Convention Center Capital Improvement Projects Current Interest Junior Lien Leasehold Revenue Bonds, Series 2009B in the amount of \$23,255. The proceeds of the Series 2009A&B Bonds were issued to fund certain capital improvements to the City of St. Louis Convention Center Property. The Series 2009A bonds are serial bonds whose principal payments commence fiscal year 2022 with initial offering yields at maturity of 6.0% to 6.59%. The Series 2009B Bond is a 5.375% term bond due July 15, 2038.

d. Series 2009A Airport Revenue Bonds

On July 14, 2009, the Airport issued \$129,970 in Series 2009A Airport Revenue Bonds. The proceeds of the Series 2009A Bonds will be used for the purchase, construction, extension and improvement of the Airport. The Series 2009A bonds mature in installments from 2010 to 2034 and bear interest at rates varying between 2.65% and 6.70%.

e. Announcements by American Airlines

On September 17, 2009, American Airlines issued a press release announcing a reduction in operations at the Airport effective April, 2010. The number of daily flights will be reduced from 82 to 36. The airline will now fly to nine domestic markets.

American Airlines is bound by an Airport Use Agreement to pay for its gates, office space, etc. until June 30, 2011 even if they do not use the gates. Therefore, the Airport will continue to receive this terminal and concourses revenue. In addition, the Airport implemented steps to decrease spending and continue its air service development efforts. On October 21, 2009, Southwest Airlines announced nine new daily flights effective in May, 2010. The next day, United Airlines announced a new daily flight to San Francisco.

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

It is also very important to note that Southwest Airlines continues to have a strong presence at the Airport and the expectation is that their service to the community will grow.

f. City Justice Center Leasehold Revenue Refunding Bonds, Series 2009

On October 13, 2009, the SLMFC issued the City Justice Center Leasehold Revenue Refunding Bonds, Series 2009 in the amount of \$9,920. The proceeds of the Series 2009 Bonds were issued to refund a portion of the 1996B Bonds outstanding. The Series 2009 Bonds bear an interest rate of 1.8% to 4.0%.



APPENDIX C

DEFINITIONS OF WORDS AND TERMS

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APPENDIX C DEFINITIONS OF WORDS AND TERMS

In addition to the words and terms defined elsewhere in this Official Statement, the following are definitions of words and terms used in the Indenture, the Lease Purchase Agreement, and the Deed of Trust.

“Accreted Value” means, with respect to Compound Interest Bonds, the amount to which, as of any specified time, the principal of any such Bond has been increased by accretion, all as may be provided in an applicable Supplemental Indenture. The term *“Accreted Value”* includes Series 2000 Accreted Value, Series 2005A Accreted Value, Series 2005B Accreted Value, Series 2009A Accreted Value, Series 2010A Accreted Value, and Series 2010B Accreted Value.

“Accretion Date” means each Series 2000 Accretion Date, each Series 2005 Accretion Date, each Series 2009A Accretion Date, each Series 2010A Accretion Date, and each Series 2010B Accretion Date.

“Additional Bonds” means any additional Bonds, including Refunding Bonds, issued by the Corporation pursuant to Section 209 of the Indenture. The term *“Additional Bonds”* includes the Series 2003 Bonds, the Series 2005A Bonds, the Series 2008 Bonds, the Series 2009A Bonds, and the Series 2010 Bonds.

“Additional Project” means (i) any additional improvements, extensions, remodeling, renovating or altering of the Convention Center Property, (ii) additional repairs, improvements, remodeling, alterations, extensions, or equipping of the Convention Center Property; or (iii) any additional equipment or rolling stock to be used by the City in connection with the Convention Center Property which are in addition to the Series 1990 Project, each to be financed out of the proceeds of Additional Bonds.

“Additional Rentals” means the payments payable pursuant to Section 4.2 of the Lease Purchase Agreement.

“AGM” means Assured Guaranty Municipal Corp., formerly known as Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto or assigns thereof.

“Alternate Security” means any instrument, including, but not limited to, a letter of credit, line of credit, guaranty, standby loan commitment, bond insurance policy, or surety bond or any similar credit or liquidity facility, or any combination thereof, (i) approved by the Corporation and delivered to the Trustee for the benefit of the owners of any Series of Bonds to which such instrument relates, (ii) replacing any such existing facility, (iii) dated as of a date prior to the expiration date of the facility for which the same is to be substituted, (iv) which, in the case of a letter of credit, shall expire not earlier than a date which is 15 days after an Interest Payment Date for the Series of Bonds to which such instrument relates, and (v) issued on substantially similar terms and conditions with respect to the rights of the owners of such Series of Bonds as the then existing facility, provided that the stated amount of the Alternate Security shall equal the sum of the aggregate principal amount of the Series of Bonds to which such instrument relates at the time Outstanding and such Alternate Security shall be rated not lower than “Baa” by Moody’s and “BBB” by S&P.

“Ambac” means Ambac Assurance Corporation, a Wisconsin stock insurance company, as issuer of the Series 2000 Bond Insurance Policy, the Series 2003 Bond Insurance Policy, the Series 2005 Bond Insurance Policies, the Series 2000 Surety Bond, the Series 2003 Surety Bond, and the Series 2005 Surety Bonds, and any successors or assigns.

“Ambac Bond Insurance Policies” means, collectively, the Series 2000 Bond Insurance Policy, the Series 2003 Bond Insurance Policy, and the Series 2005 Bond Insurance Policies.

“Ambac Guaranty Agreements” means, collectively, the Series 2000 Guaranty Agreement, the Series 2003 Guaranty Agreement, and the Series 2005 Guaranty Agreements.

“Ambac Surety Bonds” means, collectively, the Series 2000 Surety Bond, the Series 2003 Surety Bond, and the Series 2005 Surety Bonds.

“Approved Investors” means an “accredited investor” under Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended and a “qualified institutional investor” under Rule 144A promulgated under the Securities Act of 1933, as amended.

“Assured Guaranty” means Assured Guaranty Corp., a Maryland-domiciled insurance company, or any successor thereto or assigns thereof.

“Assured Guaranty Bond Insurance Policies” means, collectively, the Series 2008 Bond Insurance Policy and the Series 2009A Bond Insurance Policy.

“Authority” means The Industrial Development Authority of the City of St. Louis, Missouri, an industrial development corporation duly organized under Chapter 349 of the Revised Statutes of Missouri, as amended, and its successors and assigns.

“Authority Representative” means the person or persons at the time designated to act on behalf of the Authority in matters not requiring corporate authorization relating to the Lease Purchase Agreement and the Indenture as evidenced by a written certificate furnished to the Bond Trustee containing the specimen signature of such person or persons and signed on behalf of the Authority by its Executive Director. Such certificate may designate an alternate or alternates each of whom shall be entitled to perform all duties of the Authority Representative.

“Authorized Denominations” means \$5,000 or any integral multiple thereof.

“Bank Notice” means, with respect to a Credit Facility that is a letter of credit, a notice from the Credit Facility Provider delivered to the Trustee, pursuant to the Credit Facility, declaring that an “event of default” has occurred thereunder, and stating that such Credit Facility will terminate 15 days from the date such notice is received by the Trustee.

“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. The term “Bond” shall include Variable Rate Debt and any short term note or other debt obligation of an Issuer issued under 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, so long as the City is lessee of the Convention Center Property, the City.

“Bond Fund” means the St. Louis Municipal Finance Corporation Leasehold Revenue Bond Fund ratified in Section 501 of the Indenture and which may contain separate accounts or subaccounts as created by any Supplemental Indenture authorizing a 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. A separate Bond Register shall be maintained by the Bond Registrar for the Series 2000 Bonds, the Series 2003 Bonds, the Series 2005 Bonds, the Series 2008 Bonds, the Series 2009 Bonds, the Series 2010 Bonds, and any other subsequently issued Series of Bonds.

“Bond Registrar” means the Bond Trustee when acting in such capacity under the Indenture.

“Bond Reserve Fund” means the St. Louis Municipal Corporation Leasehold Revenue Bonds Bond Reserve Fund ratified in Section 501 of the Indenture and which may contain separate accounts or subaccounts as created by any Supplemental Indenture authorizing a Series of Bonds.

“Bond Reserve Fund Deposits” means with respect to any Series of Bonds the deposits into the Bond Reserve Fund, if any, required by the Supplemental Indenture authorizing such Series of Bonds.

“Bond Reserve Fund Requirement” means with respect to any Series of Bonds the amount, if any, required to be deposited in a Bond Reserve Fund by the Supplemental Indenture authorizing such Series of Bonds. The Bond Reserve Fund Requirement with respect to any Series of Bonds may be satisfied by Bond Reserve Fund Deposits in cash or upon the prior written approval of the Credit Facility Provider for such Series of Bonds, if any, by an insurance policy, letter of credit, or surety bond guaranteeing payments into the Bond Reserve Fund in the amount of the Bond Reserve Fund Requirement as shall be determined in the Supplemental Indenture in which the Bond Reserve Fund is established. With respect to the Series 2008 Bonds, the Bond Reserve Fund Requirement is equal to the Series 2008 Reserve Account Requirement. With respect to the Series 2009A Bonds, the Bond Reserve Fund Requirement is equal to the Series 2009A Reserve Account Requirement and, with respect to the Series 2009B Bonds, the Bond Reserve Fund Requirement is equal to the Series 2009B Reserve Account Requirement. With respect to the Series 2010A Bonds, the Bond Reserve Fund Requirement is equal to the Series 2010A Reserve Account Requirement and, with respect to the Series 2010B Bonds, the Bond Reserve Fund Requirement is equal to the Series 2010B Reserve Account requirement.

“Bond Trustee” or *“Trustee”* means The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A., successor to BNY Trust Company of Missouri, successor to Mark Twain Bank, and any successors or assigns.

“Business Day” means any day except Saturday, Sunday, a legal holiday, a day on which banking institutions located in the States of Missouri or New York are authorized by law to close or a day on which the New York Stock Exchange is closed.

“Cervantes Convention Center” means the convention center located at Washington Avenue, between 7th and 8th Streets, in the City of St. Louis, Missouri.

“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 Equipment Lease Obligations” means the obligations due and payable on October 4, 2005, and April 4, 2006, under that certain Lease Schedule No. 1000115015 dated as of September 26, 2002, to Master Lease-Purchase Agreement dated as of February 3, 2000, by and between the City and Bank One, N.A., as assignee of Banc One Leasing Corporation.

“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 Lease Purchase Agreement and the

Indenture as evidenced by a written certificate furnished to the Bond Trustee containing the specimen signature of such person or persons and signed on behalf of the City by its Mayor and its Comptroller. Such certificate may designate an alternate or alternates each of whom shall be entitled to perform all duties of the City Representative. For the purpose of investing the Bond proceeds, the authorized City Representative shall be the City Treasurer or his designee.

“*Civil Courts Bonds*” means the St. Louis Municipal Finance Corporation Leasehold Revenue Refunding Bonds Series 2003A (Civil Courts Building Project).

“*Closing Date*” means the date of delivery of and payment for any Series of Bonds.

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

“*Compound Interest Bonds*” means any Bonds issued pursuant to the Indenture which do not pay interest either until Maturity or until a specified date prior to Maturity, but whose amount increases periodically by accretion to a final principal amount. The term “Compound Interest Bonds” includes the Series 2000 Bonds, the Series 2005 Bonds, the Series 2009A Bonds, and the Series 2010 Bonds.

“*Convention Center Equipment*” means the items of machinery, equipment, or other personal property installed or acquired or to be acquired for installation in or which constitute Convention Center Property, and all replacements thereof and substitutions thereof made pursuant to the Lease Purchase Agreement.

“*Convention Center Equipment Lease Obligations*” means the obligations due and payable on June 30, 2005, and June 30, 2006, under that certain Lease Schedule No. 093-1000715-018 dated as of June 30, 2003, to Master Lease-Purchase Agreement dated as of February 3, 2000, by and between the City and Bank One, N.A., as assignee of Banc One Leasing Corporation, as further assigned to ORIX Public Finance LLC, as further assigned to Fifth Third Holdings, LLC.

“*Convention Center Property*” means the Cervantes Convention Center (including the attendant real estate as well as real estate acquired from time to time pursuant to the terms of the documents under which the Prior Bonds were issued, as further described in **Exhibit B** to the Indenture), the maintenance, repairs, improvements, and renovation of the same, the machinery, the equipment, or other personal property installed or acquired or to be installed or acquired thereon, the replacement or substitution thereof, and all buildings, structures, improvements, and fixtures located on or to be purchased, constructed, and otherwise improved on the site of the convention center in whole or in part from the proceeds of Prior Bonds, and all additions, alterations, modifications, and improvements thereof pursuant to the bond documents under which the Prior Bonds were issued.

“*Corporation*” means the St. Louis Municipal Finance Corporation, a corporation organized under the General Nonprofit Corporation Law of the State, as amended, and its successors and assigns and any surviving, resulting, or transferee corporation as provided in Section 16.1 of the Lease Purchase Agreement.

“*Corporation Representative*” means the person or persons at the time designated to act on behalf of the Corporation in matters not requiring corporate authorization relating to the Lease Purchase Agreement and the Indenture as evidenced by a written certificate furnished to the Bond Trustee containing the specimen signature of such person or persons and signed on behalf of the Corporation by its President. Such certificate may designate an alternate or alternates each of whom shall be entitled to perform all duties of the Corporation Representative.

“Costs of Issuance” means all costs incurred in connection with the issuance of the Bonds, including without limitation (i) fees of the Bond Trustee, the Corporation, and the Authority, (ii) financial advisor, placement agent, or other consultant fees and expenses, (iii) fees and expenses of Bond Counsels and of counsel to the Corporation, the Authority, the City, the Bond Trustee, and the original purchaser of the Bonds, (iv) fees and expenses of special counsel to the Corporation, the Authority, and the City, (v) accounting expenses incurred in connection with determining that the Bonds are not arbitrage bonds, (vi) fees of independent certified public accounts or consultants for verification services, and (vii) initial fees for the Credit Facilities, (viii) all printing expenses in connection with the Indenture, the Lease Purchase Agreement, and the Bonds.

“Costs of Issuance Fund” means the St. Louis Municipal Corporation Leasehold Revenue Bonds Costs of Issuance Fund ratified by Section 501 of the Indenture and which may contain separate accounts or subaccounts as created by any Supplemental Indenture authorizing a Series of Bonds.

“Costs of the Series 2000 Project” means a portion of the costs of the Series 2000 Project permitted to be paid out of proceeds of the Series 2000 Bonds, including the total of all reasonable or necessary expenses of and incidental to the Series 2000 Project, including without limitation: the expenses of studies and surveys, land title and mortgage guaranty policies, architectural and engineering services and the cost of legal, organization, or marketing services; the cost of acquiring, rehabilitating, or demolishing existing structures, acquiring development rights for the site, developing the site of, and constructing and equipping new buildings; the costs and expenses of the City and its affiliated agencies, including the costs of issuing the Series 2000 Bonds; and any other costs permitted under applicable law.

“Costs of the Series 2003 Project” means the costs of refunding the current interest bonds issued pursuant to the Original Indenture and the First Supplemental Indenture; the costs and expenses of the City, the Corporation, the Authority, and their affiliated agencies related thereto, including the Costs of Issuance of the Series 2003 Bonds; and any other related costs permitted under applicable law.

“Costs of the Series 2005A Projects” means the portion of the reasonable and necessary expenses of or incidental to the Series 2005A Projects directly or indirectly payable or reimbursable by the Corporation or the City from the proceeds of the Series 2005A Bonds.

“Costs of the Series 2005B Projects” means the portion of the reasonable and necessary expenses of or incidental to the Series 2005B Projects directly or indirectly payable or reimbursable by the Corporation or the City from the proceeds of the Series 2005B Bonds.

“Costs of the Series 2005 Projects” means, collectively, the Costs of the Series 2005A Project and the Costs of the Series 2005B Project.

“Costs of the Series 2008 Projects” means the portion of the reasonable and necessary expenses of or incidental to the Series 2008 Projects directly or indirectly payable or reimbursable by the Corporation or the City from the proceeds of the Series 2008 Bonds.

“Costs of the Series 2009A Projects” means the portion of the reasonable and necessary expenses of or incidental to the Series 2009A Projects directly or indirectly payable or reimbursable by the Corporation or the City from the proceeds of the Series 2009 Bonds.

“Costs of the Series 2009B Projects” means the portion of the reasonable and necessary expenses of or incidental to the Series 2009B Projects directly or indirectly payable or reimbursable by the Corporation or the City from the proceeds of the Series 2009B Bonds.

“Costs of the Series 2010 Project” means the portion of the reasonable and necessary expenses of or incidental to the Series 2010 Project directly or indirectly payable or reimbursable by the Corporation or the City from the proceeds of the Series 2010A Bonds.

“Counsel” means an attorney duly admitted to practice law before the highest court of any state and, without limitation, may include legal counsel for either the City or the Corporation.

“Credit Facility” means any Alternate Security, letter of credit, surety bond, or municipal bond insurance policy or policies, if any, issued by the Credit Facility Provider guaranteeing, providing for, or insuring the payment when due of the principal of and all or a portion of the interest on one or more Series of Bonds as provided therein and any agreement pursuant to which such Alternate Security, letter of credit, surety bond, or municipal bond insurance policy or policies, if any is issued, as such agreement may be amended, modified, or supplemented from time to time, and shall include a particular Credit Facility or all of them, as the context requires.

“Credit Facility Provider” means, as of the date of the Indenture, (i) with respect to the Series 2000 Bonds, the Series 2003 Bonds, and the Series 2005 Bonds, Ambac, (ii) with respect to the Series 2008 Bonds and the Series 2009 Bonds, Assured Guaranty, (iii) with respect to the Series 2010 Bonds, AGM, and (iv) at any time thereafter the issuer of any Alternate Security then in effect, and shall include a particular Credit Facility Provider or all of them, as the context requires.

“Current Interest Bonds” means any Bonds issued pursuant to the Indenture the interest on which is paid semiannually. The term *“Current Interest Bonds”* includes the Series 2003 Bonds, the Series 2008 Bonds, and the Series 2009B Bonds.

“Deed of Trust” means the Seventh Supplemental Deed of Trust, as the same may from time to time be amended or supplemented in accordance with the provisions thereof.

“Defeasance Obligations” means direct obligations of the Department of the Treasury of the United States of America or, during any moratorium on the issuance of such obligations of the Department of the Treasury, any obligation listed in subsection (a) of the definition of *“Permitted Investments,”* all of which are non-callable and non-prepayable. The value of Defeasance Obligations shall be determined as provided in the definition of *“Permitted Investments”* in the Indenture.

“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, as amended, and a *“clearing agency”* registered pursuant to the provisions of Section 17A of the Security Exchange Act of 1934, as amended, and its successors and assigns.

“Eighth Supplemental Indenture” means the Eighth Supplemental and Restated Indenture of Trust dated as of March 1, 2010 by and among the Bond Trustee, the Authority, and the Corporation.

“Escrow Deposit Agreement” means any escrow deposit agreement entered into in connection with any Series by and among the Issuer, the City, and the Escrow Agent.

“Escrow Agent” means any escrow agent named in any Escrow Deposit Agreement, and any successors or assigns.

“Event of Bankruptcy” means, as to the Corporation, the Authority, or the City, any of the following: (a) the commencement by the Corporation, the Authority, or the City of a voluntary case under the federal bankruptcy laws, as now in effect or hereafter amended, or any other applicable federal or state bankruptcy, insolvency, or similar laws; (b) the filing of a petition with a court having jurisdiction over the Corporation, the Authority, or the City to commence an involuntary case against the Corporation, the Authority, or the City under the federal bankruptcy laws, as now in effect or hereafter amended, or any other applicable federal or state bankruptcy, insolvency, or similar laws; (c) the Corporation, the Authority, or the City shall admit in writing its inability to pay its debts generally as they become due; (d) a receiver, trustee, or liquidator of the Corporation, the Authority, or the City shall be appointed in any proceeding brought against the Corporation, the Authority, or the City, (e) assignment by the Corporation, the Authority, or the City for the benefit of its creditors; or (f) the entry by the Corporation, the Authority, or the City into an agreement of composition with its creditors.

“Event of Default” or *“Default”* means (a) with respect to the Lease Purchase Agreement any Event of Default as defined in Section 12.1 of the Lease Purchase Agreement, and (b) with respect to the Indenture any Event of Default as defined in Section 901 of the Indenture.

“Event of Nonappropriation” means the failure of the City to appropriate sufficient funds for the payment of Rentals and Additional Rentals as described in Section 11.4 of the Lease Purchase Agreement.

“Exchange Agreement” means, with respect to any Series of Bonds, to the extent from time to time permitted by applicable law and subject to the prior written consent of the applicable Credit Facility Provider if there shall be in effect a Credit Facility with respect to such Series of Bonds, any interest exchange agreement, cap, collar, floor, ceiling, interest rate swap agreement, currency swap agreement, or other contract or agreement, other than a Qualified Swap, authorized, recognized, and approved by the Issuer as an Exchange Agreement and providing for (i) certain payments by the Issuer from the Bond Fund and (ii) payments by an entity whose senior long-term debt obligations, other senior unsecured long-term obligations or claims paying ability, or whose obligations under an Exchange Agreement are guaranteed by an entity whose senior long-term debt obligations, other senior unsecured long-term obligations or claims paying ability are rated not less than A3 by Moody’s and A- by S&P, or the equivalent thereof by any successor thereto; which payments by the Corporation and counterparty are calculated by reference to fixed or variable rates and constituting a financial accommodation between the Issuer and such counterparty.

“Fifth Supplemental Deed of Trust” means the Fifth Supplemental and Restated Deed of Trust, Security Agreement and Assignment dated as of November 1, 2008, from the Corporation, as grantor, to the therein-named mortgage trustee, the Bond Trustee, and Ambac, for the benefit of the Bondholders.

“Fifth Supplemental Indenture” means the Fifth Supplemental and Restated Indenture of Trust dated as of May 1, 2005 by and among The Bank of New York Trust Company, N.A., as bond trustee, the Authority, and the Corporation.

“Fifth Supplemental Lease Purchase Agreement” means the Fifth Supplemental and Restated Lease Purchase Agreement dated as of November 1, 2008 among the Corporation, the Authority, and the City.

“First Supplemental Deed of Trust” means the First Supplemental Deed of Trust, Security Agreement and Assignment dated as of August 1, 1999, among the Corporation, the therein-named trustee, BNY Trust Company of Missouri, as bond trustee, Sanwa, and Ambac Assurance Corporation.

“First Supplemental Indenture” means the First Supplemental Indenture of Trust dated as of June 15, 1993, between the Corporation and Mark Twain Bank, as bond trustee.

“First Supplemental Lease Purchase Agreement” means the First Supplemental Lease Purchase Agreement dated as of August 1, 1999, between the Corporation and the City.

“Fiscal Year” means, with respect to the Corporation, the fiscal year now or hereafter adopted by the Corporation or the Authority, as the case may be, and, with respect to the City, its fiscal year currently beginning on July 1 of each calendar year (or any other date later adopted by the City).

“Fourth Supplemental Deed of Trust” means the Fourth Supplemental and Restated Deed of Trust, Security Agreement and Assignment dated as of May 1, 2005, from the Corporation, as grantor, to the therein-named mortgage trustee, The Bank of New York Trust Company, N.A., as bond trustee, and Ambac for the benefit of the Bondholders.

“Fourth Supplemental Indenture” means the Fourth Supplemental and Restated Indenture of Trust dated as of April 15, 2003, among the Bond Trustee, the Authority, and the Corporation.

“Fourth Supplemental Lease Purchase Agreement” means the Fourth Supplemental and Restated Lease Purchase Agreement dated as of May 1, 2005 among the Corporation, the Authority, and the City.

“Global Bond Certificates” means one or more bond certificates of the Corporation or of the Authority, as the case may be, each such certificate representing the entire principal amount of the respective Series of Bonds due on a particular Stated Maturity, immobilized from general circulation in the Depository.

“Government Obligations” means (i) direct obligations of, or obligations the full and timely payment of the principal of and the interest on which are unconditionally guaranteed by, the United States of America, and (ii) obligations of state or local government bond issuers rated “Aaa” by Moody’s, and rated “AAA” by S&P, provision for the payment of the principal of and interest on which shall have been made by deposit with an escrow agent or trustee of obligations described in clause (i) the principal of and interest on which when due will be sufficient to pay the principal of and interest on such state or local government obligations when due.

“Holder,” “Bondholder,” “Owner,” or *“Registered Owner”* means the registered owner of any Bond as shown on the registration books of the Issuer maintained by the Bond Trustee or Paying Agent.

“Hotel Tax Revenues” means revenues derived by the City from the tax imposed on gross receipts from hotel and motel rooms as authorized under Section 67.657.8, RSMo.

“Indenture” means the Eighth Supplemental Indenture as from time to time supplemented or amended in accordance with Article XI of the Indenture.

“Interest” or *“interest”* includes, when used in connection with any Compound Interest Bond, the Accreted Value of such Compound Interest Bond, unless the context clearly requires otherwise.

“Interest Payment Date” means (i) with respect to the Series 2003 Bonds, January 15 and July 15 of each year as long as any Series 2003 Bonds remain Outstanding, beginning July 15, 2003, (ii) with respect to the Series 2008 Bonds, January 15 and July 15 of each year as long as any Series 2008 Bonds remain Outstanding, beginning January 15, 2009, and (iii) with respect to the Series 2009B Bonds,

January 15 and July 15 of each year as long as any Series 2009B Bonds remain Outstanding, beginning January 15, 2010.

“*Issuer*” means, with respect to the Series 2003 Bonds, the Series 2005 Bonds, the Series 2008 Bonds, the Series 2009 Bonds, and the Series 2010 Bonds, the Corporation or, with respect to the Series 2000 Bonds, the Authority, and with respect to any subsequent Series of bonds issued under the Indenture, the issuer thereof.

“*Kiel Bonds*” means the Land Clearance and Redevelopment Authority of the City of St. Louis Kiel Site Lease Revenue Refunding Bonds, Series 1997A and 1997B.

“*Lease Purchase Agreement*” means the Seventh Supplemental Lease Purchase Agreement as from time to time supplemented or amended in accordance with Article XIV of the Lease Purchase Agreement and Article XII of the Indenture.

“*Letter of Representations*” means a letter substantially in the form attached as **Exhibit G** to the Indenture.

“*Maturity*” means, with respect to any Bond, the date on which the principal or Accreted Value of such Bond becomes due and payable as therein provided, whether at the Stated Maturity or by declaration or acceleration or call for redemption or otherwise.

“*Maximum Annual Debt Service*” means the largest payment of principal of and interest on all Outstanding Bonds of a Series for the then-current or any future Fiscal Year over the remaining scheduled maturities of such Series.

“*Moody’s*” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Moody’s shall mean any other nationally recognized securities rating agency designated by the Issuer, with the approval of the City, by notice to the Trustee and the City.

“*Net Proceeds*” means, with respect to the any Series of Bonds, the initial principal amount (which includes the present value of any Compound Interest Bonds) of such Series plus premium, if any, less discount, if any, and underwriter’s discount.

“*Original Deed of Trust*” means the First Deed of Trust and Security Agreement dated as of June 15, 1993, by and among the Corporation, Mark Twain Bank, as bond trustee, the therein-named mortgage trustee, and Sanwa.

“*Original Indenture*” means the Indenture of Trust dated as of June 15, 1993, between the Corporation and Mark Twain Bank, as bond trustee.

“*Original Lease Purchase Agreement*” means the Lease Purchase Agreement dated as of June 15, 1993 by and between the City and the Corporation.

“*Outstanding*” means, when used with reference to Bonds, as of a particular date, all Bonds theretofore authenticated and delivered, including all Bonds of which the interest and/or principal due have been paid by the Credit Facility Provider, except:

- (a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for canceling;
- (b) Bonds which are deemed paid under Section 1302 of the Indenture;
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Indenture; and
- (d) Bonds held by or for the account of the Corporation, the Authority, the City, or any person controlling, controlled by or under common control with any 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 Purchase Agreement, or the Lease Purchase Agreement.

“*Parity Bonds*” means the Series 2003 Bonds, the Series 2005A Bonds, the Series 2008 Bonds, the Series 2009A Bonds, the Series 2010 Bonds, and any other Outstanding Additional Bonds.

“*Participants*” means those financial institutions for which the Depository effects book-entry transfers and pledges of securities deposited with the Depository.

“*Paying Agent*” means the Bond Trustee when acting in such capacity under the Indenture.

“*Permitted Encumbrances*” means, as of any particular time (i) liens for ad valorem taxes and special assessments not then delinquent, (ii) the Indenture, (iii) the Lease Purchase Agreement, (iv) the Deed of Trust, (v) utility, access, and other easements and rights-of-way, mineral rights, restrictions, exceptions, and encumbrances that will not materially interfere with or impair the operations being conducted on the Convention Center Site or easements granted to the Corporation, (vi) the Master Reciprocal Easement and License Agreement by and between LCRA and the Regional Convention and Sports Complex Authority (“*RCSA*”) dated July 28, 1993 and recorded on July 29, 1993 in Book 1001M, Page 1851 and Assignment thereof recorded in Book 1001M, Page 2107, (vii) the Operating Lease by and among the RCSA, the Regional Convention and Visitors Commission (“*RCVC*”), the City and St. Louis County, Missouri, dated as of August 28, 1991, (viii) the Amended and Restated Convention Center Operating Lease by and between the City and the RCVC, (ix) the Amended and Restated Management Agreement by and between the City and RCVC, (x) liens securing non-recourse indebtedness, and which non-recourse indebtedness is secured solely by machinery, equipment, or other personal property installment on or acquired for the Convention Center Property acquired in connection with the incurrence of such indebtedness, (xi) any lien on machinery, equipment, or other personal property installed on or acquired for the Convention Center Property (collectively the “*Property*”) (other than real estate) in the nature of a purchase money security interest resulting from installment sale agreements or borrowings, financing leases, or similar agreements relating to the acquisition of Property; or liens of a lessee or a vendee on the Property being leased or sold under a lease, installment sale, or similar agreement, and (xii) such minor defects, irregularities, encumbrances, easements, mechanics’ liens, rights-of-way, and clouds on title as normally exist with respect to properties similar in character to the Convention Center Property and as do not in the aggregate materially impair the property affected thereby for the purpose for which it was acquired or is held by the Corporation or for which it is leased by the City.

“*Permitted Investments*” means:

- (a) For all purposes including defeasance investments in refunding escrow accounts:
 1. Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in clause 2 below);

2. Direct obligations of (including obligations issued or held in book-entry form on the books of) the Department of the Treasury of the United States of America; and
 3. Senior debt obligations of other Government Sponsored Agencies approved by the Credit Facility Provider; provided that such approval of the Credit Facility Provider shall be required only with respect to investments of funds in connection with any Series of Bonds for which a Credit Facility is in effect.
- (b) For all purposes other than defeasance investments in refunding escrow accounts:
1. Obligations of any of the following federal agencies, which obligations represent the full faith and credit of the United States of America, including:
 - (i) Export-Import Bank,
 - (ii) Rural Economic Community Development Administration (formerly the Farmers Home Administration),
 - (iii) United States Maritime Administration,
 - (iv) Small Business Administration,
 - (v) United States Department of Housing and Urban Development (PHAs),
 - (vi) Federal Housing Administration, and
 - (vii) Federal Financing Bank,
 2. Direct obligations of any of the following federal agencies, which obligations are not fully guaranteed by the full faith and credit of the United States of America:
 - (i) Senior debt obligations rated “Aaa” by Moody’s and “AAA” by S&P issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC),
 - (ii) Obligations of the Resolution Funding Corporation (REFCORP),
 - (iii) Senior debt obligations of the Federal Home Loan Bank System, and
 - (iv) Senior debt obligations of other Government Sponsored Agencies approved by the Credit Facility Provider; provided that such approval of the Credit Facility Provider shall be required only with respect to investments of funds in connection with any Series of Bonds for which a Credit Facility is in effect,
 3. United States dollar denominated deposit accounts, federal funds, and bankers’ acceptances with domestic commercial banks which have a rating on their short-term certificates of deposit on the date of purchase of “A-1” or “A-1+” by S&P and “P-1” by Moody’s and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank.);
 4. Commercial paper which is rated at the time of purchase in the single highest classification, “A-1+” by S&P and “P-1” by Moody’s, and which matures not more than 270 days after the date of purchase;
 5. Investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P;
 6. “Pre-refunded Municipal Obligations” defined as follows: any bonds or other obligations of any state of the United States or of any agency, instrumentality, or local governmental unit of any such state which are not callable at the option of

the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

- (i) which are rated, based on an irrevocable escrow account or fund (the “*escrow*”), in the highest rating category of S&P and Moody’s or any successors thereto, or
- (ii) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in clause (a)2 above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this subsection on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate,

7. Municipal obligations rated “Aaa/AAA” or general obligations of States with a rating of at least “A2/A” or higher by both Moody’s and S&P;
8. Investment agreements approved in writing by the Credit Facility Provider supported by appropriate opinions of counsel; provided that such approval of the Credit Facility Provider shall be required only with respect to investments of funds in connection with any Series of Bonds for which a Credit Facility is in effect; and
9. With respect to investments of funds in connection with any Series of Bonds for which a Credit Facility is in effect, other forms of investments (including repurchase agreements) approved in writing by the Credit Facility Provider.

(c) The value of the above investments shall be determined by the Bond Trustee as follows: “Value” means the value of any investments calculated as follows:

1. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at fair market value. The Bond Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include but are not limited to pricing services provided by Financial Times Interactive Data Corporation, Bank of America, N.A., JP Morgan & Chase, Co., Smith Barney, or such other pricing service providers selected by the Bond Trustee,
2. As to certificates of deposit and bankers’ acceptances: the face amount thereof, plus accrued interest, and
3. As to any investment not specified above: the value thereof established by prior agreement among the Issuers and the Bond Trustee, and, in the case of funds relating to any Series of Bonds for which a Credit Facility is in effect, the Credit Facility Provider.

“*Prior Bonds*” means the Land Clearance for Redevelopment Authority of the City of St. Louis’ Capital Improvement and Refunding Leasehold Revenue Bonds, Series 1986 (The City of St. Louis, Missouri Lessee) originally issued in the amount of \$29,110,000, Capital Improvement Leasehold Revenue Bonds, Series 1988 (The City of St. Louis, Missouri, Lessee) originally issued in the amount of

\$79,883,297.05, and Capital Improvement Leasehold Revenue Bonds, Series 1990 (The City of St. Louis, Missouri, Lessee) originally issued in the amount of \$24,999,791.80.

“Project Fund” means the St. Louis Municipal Corporation Leasehold Revenue Bonds Project Fund ratified in Section 501 of the Indenture and which may contain separate accounts or subaccounts as created by any Supplemental Indenture authorizing a Series of Bonds.

“Purchase Agreement” means the Quitclaim Deed and Bill of Sale between the City and the Corporation dated as of June 15, 1993 conveying the Convention Center Property to the Corporation.

“Qualified Swap” or *“Swap Agreement”* means, with respect to a Series of Bonds, any financial arrangement (i) that is entered into by the Issuer with the prior written consent of the Credit Facility Provider if there shall be in effect a Credit Facility for such Series of Bonds, with an entity that is a Qualified Swap Provider at the time the arrangement is entered into; (ii) which provides that the Issuer shall pay to such entity an amount based on the interest accruing at a fixed rate on an amount equal to the principal amount of the Outstanding Bonds of such Series, and that such entity shall pay to the Issuer an amount based on the interest accruing on a principal amount initially equal to the same principal amount as such Bonds, at a variable rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by the Bonds) or that one shall pay to the other any net amount due under such arrangement; and (iii) which has been designated in writing to the Trustee by an authorized officer of the Issuer with the prior written consent of the Credit Facility Provider, if there shall be in effect a Credit Facility for such Series of Bonds, as a Qualified Swap with respect to the Bonds; provided, however, that if the Bonds corresponding to such Qualified Swap are retired in whole, unless the Qualified Swap is also terminated, the Qualified Swap Provider shall then be entitled to receive a Counsel’s Opinion from the law firm or firms rendering an opinion as to the Issuer’s obligations under the Swap Agreement on its date of issue as to whether or not the Swap Agreement is a valid and binding obligation of the Issuer after such retirement of the Bonds under then existing law.

“Qualified Swap Provider” means, with respect to a Series of Bonds, an entity whose senior long-term debt obligations, other senior unsecured long-term obligations, or claims paying ability, or whose payment obligations under a Qualified Swap are guaranteed by an entity whose senior long-term debt obligations, other senior unsecured long-term obligations, or claims paying ability are rated (at the time the subject Qualified Swap is entered into) at least as high as A3 by Moody’s, and A- by S& P, or the equivalent thereof by any successor thereto.

“Rebate Fund” means the St. Louis Municipal Finance Corporation Rebate Fund ratified in Section 501 of the Indenture and which may contain separate accounts or subaccounts as created by any Supplemental Indenture authorizing a Series of Bonds.

“Record Date” shall, with respect to any Series of Bonds, mean with respect to any Interest Payment Date or Accretion Date the first day (whether or not a Business Day) of the calendar month in which such Interest Payment Date or Accretion Date, as applicable, occurs.

“Redemption Date,” when used with respect to any Bond to be redeemed, means the date fixed for redemption pursuant to the Indenture or the Supplemental Indenture applicable thereto.

“Refunding Bonds” means bonds issued to refund any Series of Bonds or portion thereof then Outstanding.

“Rentals” or *“Rent”* means those payments required to be made by the City pursuant to Section 4.1 of the Lease Purchase Agreement.

“*Replacement Bonds*” means the Bonds authenticated and delivered by the Bond Registrar pursuant to Section 206 of the Indenture.

“*S&P*” means Standard & Poor’s Corporation, a corporation organized and existing under the laws of the State of New York, its Trustee 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.

“*Sanwa*” means The Sanwa Bank, Limited.

“*Second Supplemental Deed of Trust*” means the Second Supplemental and Restated First Deed of Trust and Security Agreement dated as of November 15, 2000, among the Corporation, BNY Trust Company of Missouri, as bond trustee, Ambac, and the therein-named mortgage trustee.

“*Second Supplemental Indenture*” means the Second Supplemental Indenture of Trust dated as of August 1, 1999, between BNY Trust Company of Missouri, as bond trustee, and the Corporation.

“*Second Supplemental Lease Purchase Agreement*” means the Second Supplemental and Restated Lease Purchase Agreement dated as of November 15, 2000 among the Authority, the Corporation, and the City.

“*Series*” means all of the Bonds delivered on original issuances in a simultaneous transaction and identified pursuant to the Eighth Supplemental 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 1990 Project*” means the (i) maintenance, repair, improvement, and renovation of the Cervantes Convention Center and the acquisition of land for the expansion thereof (the “*Series 1986 Project*”), (ii) construction, improvement, and equipping of an expansion of the Cervantes Convention Center and acquisition of land for the expansion thereof, collectively with the Series 1986 Project and related street and other infrastructure improvements, and (iii) construction, improvement, and equipping of the Cervantes Convention Center and related street and other infrastructure improvements, all as funded by the proceeds of the Prior Bonds.

“*Series 1993 Bonds*” means the Series 1993A Bonds and the Series 1993B Bonds issued by the Corporation pursuant to the Original Indenture and the First Supplemental Indenture.

“*Series 1993A Bonds*” means the Leasehold Revenue Refunding Bonds, Series 1993A, authorized by the Original Indenture and the First Supplemental Indenture.

“*Series 2000 Accreted Value*” means the original principal amount of the Series 2000 Bonds plus accretions in value, compounded on each Series 2000 Accretion Date, as set forth in **Exhibit D** to the Indenture. Upon the redemption, maturity by acceleration, or delivery for cancellation pursuant to the Indenture of the Series 2000 Bonds on a date other than a Series 2000 Accretion Date, the Series 2000 Accreted Value shall also include accrued interest from the next preceding Series 2000 Accretion Date computed as follows: (i) the quotient of the number of days elapsed, computed on the basis of a 360-day year of twelve 30-day months, from and including the next preceding Series 2000 Accretion Date to but not including the redemption or maturity date divided by 180, multiplied by (ii) the Series 2000 Accreted

Value on the next succeeding Series 2000 Accretion Date minus the Series 2000 Accreted Value on the immediately preceding Series 2000 Accretion Date.

“*Series 2000 Accretion Date*” means, as long as any Series 2000 Bonds remain Outstanding, each January 15 and July 15, beginning January 15, 2001.

“*Series 2000 Bond Account*” means the account by that name within the Bond Fund ratified pursuant to Section 501 of the Indenture.

“*Series 2000 Bond Insurance Policy*” means the municipal bond insurance policy issued by Ambac insuring the payment when due of the principal of and interest on the Series 2000 Bonds.

“*Series 2000 Bonds*” means the \$39,999,578.60 Compound Interest Leasehold Revenue Bonds, Series 2000 (St. Louis Convention Center Headquarters Hotel Project) issued by the Authority pursuant to the Third Supplemental Indenture.

“*Series 2000 Guaranty Agreement*” means the First Amended and Restated Guaranty Agreement dated as of November 15, 2000 by and between the City and Ambac.

“*Series 2000 Project*” means the acquisition, rehabilitation, construction, improving, and equipping of the new convention center headquarters hotel in downtown St. Louis and public improvements related thereto.

“*Series 2000 Rebate Account*” means the account by that name within the Rebate Fund ratified pursuant to Section 501 of the Indenture.

“*Series 2000 Surety Bond*” means the surety bond issued by Ambac in the amount of \$17,722,728 which guarantees payment of the Series 2000 Bonds, the value of which surety bond will be reduced as provided and subject to the limitations set forth therein.

“*Series 2000 Tax Compliance Agreement*” means the Tax Compliance Agreement dated as of November 15, 2000 by and among the City, the Authority, and the Bond Trustee.

“*Series 2003 Bond Account*” means the account by that name within the Bond Fund ratified pursuant to Section 501 of the Indenture.

“*Series 2003 Bond Insurance Policy*” means the municipal bond insurance policy issued by Ambac insuring the payment when due of the principal of and interest on the Series 2003 Bonds.

“*Series 2003 Bonds*” means the \$118,575,000 Leasehold Revenue Refunding Bonds, Series 2003 (Convention Center Project) issued by the Corporation pursuant to the Fourth Supplemental Indenture.

“*Series 2003 Guaranty Agreement*” means the Guaranty Agreement dated as of April 15, 2003 by and between the City and Ambac.

“*Series 2003 Rebate Account*” means the account by that name within the Rebate Fund ratified pursuant to Section 501 of the Indenture.

“*Series 2003 Surety Bond*” means the surety bond issued by Ambac in the amount of \$11,857,500 which guarantees payment of the Series 2003 Bonds, the value of which surety bond will be reduced as provided and subject to the limitations set forth therein.

“*Series 2003 Tax Compliance Agreement*” means the Tax Compliance Agreement dated as of April 15, 2003 by and among the City, the Corporation, and the Bond Trustee.

“*Series 2005 Accretion Date*” means, as long as any Series 2005 Bonds remain Outstanding, each January 15 and July 15, beginning July 15, 2005.

“*Series 2005 Bond Account*” means the account by that name within the Bond Fund ratified pursuant to Section 501 of the Indenture.

“*Series 2005 Bond Insurance Policies*” means the Series 2005A Bond Insurance Policy and the Series 2005B Bond Insurance Policy.

“*Series 2005 Bonds*” means, collectively, the Series 2005A Bonds and the Series 2005B Bonds.

“*Series 2005 Guaranty Agreement*” means the Guaranty Agreement dated as of May 1, 2005 by and between the City and Ambac.

“*Series 2005 Projects*” means, collectively, the Series 2005A Projects and the Series 2005B Projects.

“*Series 2005 Rebate Account*” means the account by that name within the Rebate Fund ratified pursuant to Section 501 of the Indenture.

“*Series 2005 Surety Bonds*” means the Series 2005A Surety Bond and the Series 2005B Surety Bond.

“*Series 2005A Accreted Value*” means the original principal amount of the Series 2005A Bonds plus accretions in value, compounded on each Series 2005 Accretion Date, as set forth in **Exhibit F** to the Indenture. Upon the redemption, maturity by acceleration, or delivery for cancellation pursuant to the Indenture of the Series 2005A Bonds on a date other than a Series 2005 Accretion Date, the Series 2005A Accreted Value shall also include accrued interest from the next preceding Series 2005 Accretion Date computed as follows: (i) the quotient of the number of days elapsed, computed on the basis of a 360-day year of twelve 30-day months, from and including the next preceding Series 2005 Accretion Date to but not including the redemption or maturity date divided by 180, multiplied by (ii) the Series 2005A Accreted Value on the next succeeding Series 2005 Accretion Date minus the Series 2005A Accreted Value on the immediately preceding Series 2005 Accretion Date.

“*Series 2005A Bond Insurance Policy*” means the municipal bond insurance policy issued by Ambac insuring the payment when due of the principal of and interest on the Series 2005A Bonds.

“*Series 2005A Bonds*” means the Compound Interest Leasehold Revenue Bonds, Series 2005A (Convention Center Refunding and Improvement Projects) issued by the Corporation pursuant to the Fifth Supplemental Indenture in the aggregate principal amount of \$20,882,005.05.

“*Series 2005A Capital Projects*” means the capital projects designated as such in **Exhibit H** to the Fifth Supplemental Indenture.

“*Series 2005A Projects*” means (i) refunding the Series 2003 Bonds maturing July 15, 2005, (ii) refunding and prepaying the Convention Center Equipment Lease Obligations, and (iii) financing a portion of the costs of the Series 2005A Capital Projects.

“*Series 2005A Surety Bond*” means the surety bond issued by Ambac in the amount of \$2,088,200.51 which guarantees payment of the Series 2005A Bonds, the value of which surety bond will be reduced as provided and subject to the limitations set forth therein.

“*Series 2005B Accreted Value*” means the original principal amount of the Series 2005B Bonds plus accretions in value, compounded on each Series 2005 Accretion Date, as set forth in **Exhibit F** to the Indenture. Upon the redemption, maturity by acceleration, or delivery for cancellation pursuant to the Indenture of the Series 2005B Bonds on a date other than a Series 2005 Accretion Date, the Series 2005B Accreted Value shall also include accrued interest from the next preceding Series 2005 Accretion Date computed as follows: (i) the quotient of the number of days elapsed, computed on the basis of a 360-day year of twelve 30-day months, from and including the next preceding Series 2005 Accretion Date to but not including the redemption or maturity date divided by 180, multiplied by (ii) the Series 2005B Accreted Value on the next succeeding Series 2005 Accretion Date minus the Series 2005B Accreted Value on the immediately preceding Series 2005 Accretion Date.

“*Series 2005B Bond Insurance Policy*” means the municipal bond insurance policy issued by Ambac insuring the payment when due of the principal of and interest on the Series 2005B Bonds.

“*Series 2005B Bonds*” means the Compound Interest Junior Lien Leasehold Revenue Bonds, Series 2005B (Refunding and Capital Improvement Projects) issued by the Corporation pursuant to the Fifth Supplemental Indenture in the aggregate principal amount of \$24,115,886.00.

“*Series 2005B Capital Projects*” means the capital projects designated as such in **Exhibit H** to the Fifth Supplemental Indenture.

“*Series 2005B Projects*” means (i) refunding the Sports Authority Bonds maturing August 15, 2005, (ii) refunding and prepaying the City Equipment Lease Obligations, (iii) refunding the Civil Courts Bonds maturing August 1, 2005, (iv) refunding the Kiel Bonds maturing July 1, 2005, and (ii) financing a portion of the costs of the Series 2005B Capital Projects.

“*Series 2005B Surety Bond*” means the surety bond issued by Ambac in the amount of \$2,411,588.60 which guarantees payment of the Series 2005B Bonds, the value of which surety bond will be reduced as provided and subject to the limitations set forth therein.

“*Series 2008 Bond Account*” means the account by that name within the Bond Fund ratified pursuant to Section 501 of the Indenture.

“*Series 2008 Bond Insurance Policy*” means the municipal bond insurance policy issued by Assured Guaranty insuring the payment when due of the principal of and interest on the Series 2008 Bonds.

“*Series 2008 Bonds*” means the Leasehold Revenue Bonds, Series 2008 (Convention Center Capital Improvement Projects) issued by the Corporation pursuant to the Sixth Supplemental Indenture in the aggregate principal amount of \$21,850,000.

“*Series 2008 Continuing Disclosure Agreement*” means the Continuing Disclosure Agreement executed by and between the City and The Bank of New York Mellon Trust Company, N.A., as dissemination agent, with respect to the Series 2008 Bonds.

“*Series 2008 Project Account*” means the account by that name within the Project Fund ratified pursuant to Section 501 of the Indenture.

“*Series 2008 Projects*” means the acquisition, construction, repair, improvement, and renovation of the Convention Center Property, as described further on **Exhibit J** to the Sixth Supplemental Indenture.

“*Series 2008 Rebate Account*” means the account by that name within the Rebate Fund ratified pursuant to Section 501 of the Indenture.

“*Series 2008 Reserve Account*” means the account by that name within the Bond Reserve Fund ratified pursuant to Section 501 of the Indenture.

“*Series 2008 Reserve Account Requirement*” means, with respect to the Series 2008 Bonds, an amount of money or securities in the Series 2008 Reserve Account which has a Value (as provided in the definition of Permitted Investments) equal to the least of (a) the Maximum Annual Debt Service on the Series 2008 Bonds, (b) 10% of the Net Proceeds of the Series 2008 Bonds, and (c) 125% of the average annual debt service requirements of the Series 2008 Bonds; provided, further, that if the Trustee shall receive an opinion of Bond Counsel to the effect that the Series 2008 Reserve Account Requirement must be reduced in order that the amounts on deposit in the Series 2008 Reserve Account may continue to be invested without yield restriction under the Code, the amounts held in the Series 2008 Reserve Account shall be reduced in conformity with such opinion and, if there is in effect a Credit Facility for the Series 2008 Bonds, with the approval of the Credit Facility Provider.

“*Series 2008 Tax Compliance Agreement*” means the Tax Compliance Agreement dated as of November 1, 2008 by and among the City, the Corporation, and the Bond Trustee.

“*Series 2009 Bonds*” means, together, the Series 2009A Bonds and the Series 2009B Bonds.

“*Series 2009 Continuing Disclosure Agreement*” means the Continuing Disclosure Agreement executed by and between the City and The Bank of New York Mellon Trust Company, N.A., as dissemination agent, with respect to the Series 2009 Bonds.

“*Series 2009 Rebate Account*” means the account by that name within the Rebate Fund ratified pursuant to Section 501 of the Indenture.

“*Series 2009 Tax Compliance Agreement*” means the Series 2009 Tax Compliance Agreement dated as of June 1, 2009 by and among the City, the Corporation, and the Bond Trustee.

“*Series 2009A Accreted Value*” means the original principal amount of the Series 2009A Bonds plus accretions in value, compounded on each Series 2009A Accretion Date, as set forth in **Exhibit I** to the Indenture. Upon the redemption, maturity by acceleration, or delivery for cancellation pursuant to the Indenture of the Series 2009A Bonds on a date other than a Series 2009A Accretion Date, the Series 2009A Accreted Value shall also include accrued interest from the next preceding Series 2009A Accretion Date computed as follows: (i) the quotient of the number of days elapsed, computed on the basis of a 360-day year of twelve 30-day months, from and including the next preceding Series 2009A Accretion Date to but not including the redemption or maturity date divided by 180, multiplied by (ii) the Series 2009A Accreted Value on the next succeeding Series 2009A Accretion Date minus the Series 2009A Accreted Value on the immediately preceding Series 2009A Accretion Date.

“*Series 2009A Accretion Date*” means, as long as any Series 2009A Bonds remain Outstanding, each January 15 and July 15, beginning January 15, 2010.

“*Series 2009A Bond Account*” means the account by that name within the Bond Fund ratified pursuant to Section 501 of the Indenture.

“*Series 2009A Bond Insurance Policy*” means the municipal bond insurance policy issued by Assured Guaranty insuring the payment when due of the principal of and interest on the Series 2009A Bonds.

“*Series 2009A Bonds*” means the Compound Interest Leasehold Revenue Bonds, Series 2009A (Convention Center Capital Improvement Projects) issued by the Corporation pursuant to the Seventh Supplemental Indenture in the aggregate principal amount of \$7,761,922.10.

“*Series 2009A Project Account*” means the account by that name within the Project Fund ratified pursuant to Section 501 of the Indenture.

“*Series 2009A Projects*” means the acquisition, construction, repair, improvement, and renovation of the Convention Center Property, as described further on **Exhibit L** to the Seventh Supplemental Indenture.

“*Series 2009A Reserve Account*” means the account by that name within the Bond Reserve Fund ratified pursuant to Section 501 of the Indenture.

“*Series 2009A Reserve Account Requirement*” means, with respect to the Series 2009A Bonds, an amount of money or securities in the Series 2009A Reserve Account which has a Value (as provided in the definition of Permitted Investments) equal to the least of (a) the Maximum Annual Debt Service on the Series 2009A Bonds, (b) 10% of the Net Proceeds of the Series 2009A Bonds, and (c) 125% of the average annual debt service requirements of the Series 2009A Bonds; provided, further, that if the Trustee shall receive an opinion of Bond Counsel to the effect that the Series 2009A Reserve Account Requirement must be reduced in order that the amounts on deposit in the Series 2009A Reserve Account may continue to be invested without yield restriction under the Code, the amounts held in the Series 2009A Reserve Account shall be reduced in conformity with such opinion and, if there is in effect a Credit Facility for the Series 2009A Bonds, with the approval of the Credit Facility Provider.

“*Series 2009B Bond Account*” means the account by that name within the Bond Fund ratified pursuant to Section 501 of the Indenture.

“*Series 2009B Bond Insurance Policy*” means the municipal bond insurance policy issued by Assured Guaranty insuring the payment when due of the principal of and interest on the Series 2009B Bonds.

“*Series 2009B Bonds*” means the Current Interest Junior Lien Leasehold Revenue Bonds, Series 2009B (Infrastructure and Convention Center Capital Improvement Projects) issued by the Corporation pursuant to the Seventh Supplemental Indenture in the aggregate principal amount of \$23,255,000.00.

“*Series 2009B Project Account*” means the account by that name within the Project Fund ratified pursuant to Section 501 of the Indenture.

“*Series 2009B Projects*” means the acquisition, construction, repair, improvement, and renovation of the Grand Avenue viaduct, North Tucker viaduct, and the City’s floodwall, as described further on **Exhibit M** to the Seventh Supplemental Indenture.

“*Series 2009B Reserve Account*” means the account by that name within the Bond Reserve Fund ratified pursuant to Section 501 of the Indenture.

“*Series 2009B Reserve Account Requirement*” means, with respect to the Series 2009B Bonds, an amount of money or securities in the Series 2009B Reserve Account which has a Value (as provided in the definition of Permitted Investments) equal to the least of (a) the Maximum Annual Debt Service on the Series 2009B Bonds, (b) 10% of the Net Proceeds of the Series 2009B Bonds, and (c) 125% of the average annual debt service requirements of the Series 2009B Bonds; provided, further, that if the Trustee shall receive an opinion of Bond Counsel to the effect that the Series 2009B Reserve Account Requirement must be reduced in order that the amounts on deposit in the Series 2009B Reserve Account may continue to be invested without yield restriction under the Code, the amounts held in the Series 2009B Reserve Account shall be reduced in conformity with such opinion and, if there is in effect a Credit Facility for the Series 2009B Bonds, with the approval of the Credit Facility Provider.

“*Series 2010 Bond Account*” means the account by that name created within the Bond Fund pursuant to Section 501 of the Indenture.

“*Series 2010 Bond Insurance Policy*” means the municipal bond insurance policy issued by AGM insuring the payment when due of the Accreted Value and interest on the Series 2010 Bonds.

“*Series 2010 Bonds*” means, collectively, the Series 2010A Bonds and the Series 2010B Bonds.

“*Series 2010 Continuing Disclosure Agreement*” means the Continuing Disclosure Agreement executed by and between the City and The Bank of New York Mellon Trust Company, N.A., as dissemination agent, with respect to the Series 2010 Bonds.

“*Series 2010 Project*” means the acquisition, construction, repair, improvement, and renovation of the Convention Center Property, as described further on **Exhibit M** to the Eighth Supplemental Indenture.

“*Series 2010 Rebate Account*” means the account by that name created within the Rebate Fund pursuant to Section 501 of the Indenture.

“*Series 2010 Tax Compliance Agreement*” means the Tax Compliance Agreement dated as of March 1, 2010 by and among the City, the Corporation, and the Bond Trustee.

“*Series 2010A Accreted Value*” means the original principal amount of the Series 2010A Bonds plus accretions in value, compounded on each Series 2010A Accretion Date, as set forth in **Exhibit K** to the Indenture. Upon the redemption, maturity by acceleration, or delivery for cancellation pursuant to the Indenture of the Series 2010A Bonds on a date other than a Series 2010A Accretion Date, the Series 2010A Accreted Value shall also include accrued interest from the next preceding Series 2010A Accretion Date computed as follows: (i) the quotient of the number of days elapsed, computed on the basis of a 360-day year of twelve 30-day months, from and including the next preceding Series 2010A Accretion Date to but not including the redemption or maturity date divided by 180, multiplied by (ii) the Series 2010A Accreted Value on the next succeeding Series 2010A Accretion Date minus the Series 2010A Accreted Value on the immediately preceding Series 2010A Accretion Date.

“*Series 2010A Accretion Date*” means, as long as any Series 2010A Bonds remain Outstanding, each January 15 and July 15, beginning July 15, 2010.

“*Series 2010A Bonds*” means the Compound Interest Leasehold Revenue Bonds, Series 2010A (Convention Center Capital Improvement Project) issued by the Corporation pursuant to the Eighth Supplemental Indenture in the aggregate principal amount of \$24,736,396.30.

“*Series 2010A Costs of Issuance Account*” means the account by that name created within the Costs of Issuance Fund pursuant to Section 501 of the Indenture.

“*Series 2010A Project Account*” means the account by that name created within the Project Fund pursuant to Section 501 of the Indenture.

“*Series 2010A Reserve Account*” means the account by that name created within the Bond Reserve Fund pursuant to Section 501 of the Indenture.

“*Series 2010A Reserve Account Requirement*” means, with respect to the Series 2010A Bonds, an amount of money or securities in the Series 2010A Reserve Account which has a Value (as provided in the definition of Permitted Investments) equal to the least of (a) the Maximum Annual Debt Service on the Series 2010A Bonds, (b) 10% of the Net Proceeds of the Series 2010A Bonds, and (c) 125% of the average annual debt service requirements of the Series 2010A Bonds; provided that if the Trustee shall receive an opinion of Bond Counsel to the effect that the Series 2010A Reserve Account Requirement must be reduced in order that the amounts on deposit in the Series 2010A Reserve Account may continue to be invested without yield restriction under the Code, the amounts held in the Series 2010A Reserve Account shall be reduced in conformity with such opinion and, if there is in effect a Credit Facility for the Series 2010A Bonds, with the approval of the Credit Facility Provider.

“*Series 2010B Accreted Value*” means the original principal amount of the Series 2010B Bonds plus accretions in value, compounded on each Series 2010B Accretion Date, as set forth in **Exhibit K** to the Indenture. Upon the redemption, maturity by acceleration, or delivery for cancellation pursuant to the Indenture of the Series 2010B Bonds on a date other than a Series 2010B Accretion Date, the Series 2010B Accreted Value shall also include accrued interest from the next preceding Series 2010B Accretion Date computed as follows: (i) the quotient of the number of days elapsed, computed on the basis of a 360-day year of twelve 30-day months, from and including the next preceding Series 2010B Accretion Date to but not including the redemption or maturity date divided by 180, multiplied by (ii) the Series 2010B Accreted Value on the next succeeding Series 2010B Accretion Date minus the Series 2010B Accreted Value on the immediately preceding Series 2010B Accretion Date.

“*Series 2010B Accretion Date*” means, as long as any Series 2010B Bonds remain Outstanding, each January 15 and July 15, beginning July 15, 2010.

“*Series 2010B Bonds*” means the Compound Interest Leasehold Revenue Refunding Bonds, Series 2010B (Convention Center Capital Refunding Project) issued by the Corporation pursuant to the Eighth Supplemental Indenture in the aggregate principal amount of \$8,517,606.90.

“*Series 2010B Costs of Issuance Account*” means the account by that name created within the Costs of Issuance Fund pursuant to Section 501 of the Indenture.

“*Series 2010B Reserve Account*” means the account by that name created within the Bond Reserve Fund pursuant to Section 501 of the Indenture.

“*Series 2010B Reserve Account Requirement*” means, with respect to the Series 2010B Bonds, an amount of money or securities in the Series 2010B Reserve Account which has a Value (as provided in the definition of Permitted Investments) equal to the least of (a) the Maximum Annual Debt Service on

the Series 2010B Bonds, (b) 10% of the Net Proceeds of the Series 2010B Bonds, and (c) 125% of the average annual debt service requirements of the Series 2010B Bonds; provided that if the Trustee shall receive an opinion of Bond Counsel to the effect that the Series 2010B Reserve Account Requirement must be reduced in order that the amounts on deposit in the Series 2010B Reserve Account may continue to be invested without yield restriction under the Code, the amounts held in the Series 2010B Reserve Account shall be reduced in conformity with such opinion and, if there is in effect a Credit Facility for the Series 2010B Bonds, with the approval of the Credit Facility Provider.

“*Seventh Supplemental Deed of Trust*” means the Seventh Supplemental and Restated Deed of Trust, Security Agreement and Assignment dated as of the date of The Eighth Supplemental Indenture, from the Corporation, as grantor, to the therein-named mortgage trustee, the Bond Trustee, Ambac, and AGM, for the benefit of the Bondholders.

“*Seventh Supplemental Indenture*” means the Seventh Supplemental and Restated Indenture of Trust dated as of June 1, 2009 by and among the Bond Trustee, the Authority, and the Corporation.

“*Seventh Supplemental Lease Purchase Agreement*” means the Seventh Supplemental and Restated Lease Purchase Agreement dated as the date of the Eighth Supplemental Indenture, among the Corporation, the Authority, and the City.

“*Sixth Supplemental Deed of Trust*” means the Sixth Supplemental and Restated Deed of Trust, Security Agreement and Assignment dated as of June 1, 2009, from the Corporation, as grantor, to the therein-named mortgage trustee, the Bond Trustee, and Ambac, for the benefit of the Bondholders.

“*Sixth Supplemental Indenture*” means the Sixth Supplemental and Restated Indenture of Trust dated as of November 1, 2008 by and among the Bond Trustee, the Authority, and the Corporation.

“*Sixth Supplemental Lease Purchase Agreement*” means the Sixth Supplemental and Restated Lease Purchase Agreement dated as of June 1, 2009, among the Corporation, the Authority, and the City.

“*Sports Authority Bonds*” means the Regional Convention and Sports Complex Authority Convention and Sports Facility Project and Refunding Bonds, Series C 1997 (The City of St. Louis, Missouri, Sponsor).

“*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 Indenture*” means any indenture supplemental or amendatory to the Original Indenture entered into pursuant to Article XI of the Indenture.

“*Supplemental Lease Purchase Agreement*” means any lease purchase agreement supplemental or amendatory to the Lease Purchase Agreement entered into by the Corporation and the City pursuant to Article XIV of the Original Lease Purchase Agreement and Article XII of the Indenture.

“*Tax Agreements*” means, collectively, the Series 2000 Tax Compliance Agreement, the Series 2003 Tax Compliance Agreement, the Series 2005 Tax Compliance Agreement, the Series 2008 Tax Compliance Agreement, the Series 2009 Tax Compliance Agreement, the Series 2010 Tax Compliance Agreement, and any amendment or supplement thereto.

“*Tax-Exempt Bonds*” means any Bonds, the interest upon which is not includable in gross income for federal income tax purposes. The term “Tax-Exempt Bonds” includes the Series 2000 Bonds, the Series 2003 Bonds, the Series 2005 Bonds, the Series 2008 Bonds, the Series 2009 Bonds, and the Series 2010 Bonds.

“*Taxable Bonds*” means any Bonds, the interest upon which is includable in gross income for federal income tax purposes.

“*Term*” or “*Lease Term*” means the term of the Lease Purchase Agreement beginning as of June 15, 1993, and terminating on the earliest of the occurrence of any of the following events: (i) an Event of Nonappropriation with respect to the City; (ii) an Event of Default with respect to the City under the Lease Purchase Agreement if the Corporation or the Bond Trustee has elected, either subject to the prior written consent of the Credit Facility Provider, if any, or at the prior written direction of the Credit Facility Provider, if any, such remedies as are provided in Section 12.2 thereof, or (iii) discharge of the Indenture as provided in Article XIII of the Indenture and provision by the City for the payment of Additional Rentals.

“*Third Supplemental Deed of Trust*” means the Third Supplemental and Restated First Deed of Trust, Security Agreement and Assignment dated as of April 15, 2003, among the Corporation, BNY Trust Company of Missouri, as bond trustee, the therein-named mortgage trustee, and Ambac.

“*Third Supplemental Indenture*” means the Third Supplemental and Restated Indenture of Trust dated as of November 15, 2000, among the Corporation, BNY Trust Company of Missouri, as bond trustee, and the Authority.

“*Third Supplemental Lease Purchase Agreement*” means the Third Supplemental and Restated Lease Purchase Agreement dated as of April 15, 2003, among the Authority, the Corporation, and the City.

“*Trust Estate*” means the Trust Estate described in the Granting Clauses of the Indenture.

“*Trustee*” shall have the meaning specified in the definition of “Bond Trustee” in the Indenture.

“*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.

“*Underwriter*” when used with respect to any Series of Bonds, means the underwriter(s) or placement agent(s) for such Series of Bonds.

“*Variable Rate Debt*” means obligations of the Corporation, other than commercial paper, bearing interest at a variable rate and specifying a maximum rate of interest permitted by law.

“*Written Request*” with reference to the Corporation means a request in writing signed by the Corporation Representative, with reference to the City means a request in writing signed by the City Representative, with reference to the Authority means a request in writing signed by the Authority Representative, or any other officers designated by such party to sign such Written Requests.

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APPENDIX D

SUMMARIES OF LEGAL DOCUMENTS

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APPENDIX D
SUMMARIES OF LEGAL DOCUMENTS

Summary of Certain Provisions of the Lease Purchase Agreement

The following is a summary of certain provisions of the Lease Purchase Agreement and is qualified in its entirety by reference thereto.

Conveyance; Granting of Leasehold. The Corporation, pursuant to the Lease Purchase Agreement, rents and leases the Convention Center Property, subject to Permitted Encumbrances, unto the City and the City rents and leases the Convention Center Property from the Corporation for the Rentals and Additional Rentals and subject to the terms and conditions set forth therein.

Upon the acquisition of any other land by the Corporation (to the extent that such land relates solely to the Convention Center Property) the same shall become a part of the premises leased under the Lease Purchase Agreement together with all the improvements and installations at that time or thereafter acquired, constructed, or installed by the City, subject to all terms, covenants, and provisions in the Lease Purchase Agreement contained, without further action on the part of either party; provided, however, that each party to the Lease Purchase Agreement shall, upon the request of any other party to the Lease Purchase Agreement or of the Bond Trustee, execute such documents and take such actions as shall be deemed necessary by such other party or the Bond Trustee to further evidence or confirm the lease of the premises under the Lease Purchase Agreement. The Corporation shall have taken all necessary steps to provide the Bond Trustee and Ambac with a valid and binding first lien upon the Convention Center Property subject to Permitted Encumbrances and shall have provided the Bond Trustee, Ambac, and AGM with an opinion of counsel to the Corporation that all actions necessary to perfect the liens and security interests created by the Deed of Trust in favor of the Bond Trustee, Ambac, and AGM shall have been duly taken.

Term of Lease Purchase Agreement; Termination; Annual Appropriation Required. The Term of the Lease Purchase Agreement shall have commenced as of June 15, 1993, and shall terminate on the earliest of the occurrence of any of the following events: (i) an Event of Nonappropriation with respect to the City; (ii) an Event of Default with respect to the City under the Lease Purchase Agreement if the Corporation or the Bond Trustee has elected, either subject to the prior written consent of the Credit Facility Provider, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder, or at the prior written direction of such Credit Facility Provider, such remedies as are provided in Section 12.2 of the Lease Purchase Agreement or (iii) discharge of the Indenture as provided in Article XIII of the Indenture and provision by the City for the payment of Additional Rentals. The expiration or termination of the term of the Lease Purchase Agreement shall terminate the City's rights of use of the Convention Center Property and the City shall immediately quit and vacate the Convention Center Property; provided, however, that all other terms of the Lease Purchase Agreement and the Indenture, including the continuation of City's purchase right under Section 10.1 of the Lease Purchase Agreement and all obligations of the Bond Trustee with respect to the Bondholders and the receipt and disbursement of funds shall continue until the lien of the Indenture is discharged, as provided therein, except that all obligations under the Lease Purchase Agreement of the City to pay any amounts to the Bondholders and the Bond Trustee shall thereafter be satisfied only as provided in the Indenture. The termination or expiration of the term of the Lease Purchase Agreement, of itself, shall not discharge the lien of the Indenture.

Subject to the following two paragraphs, the payment obligations of the City under the Lease Purchase Agreement shall be absolute and unconditional, free of deductions, and without any abatement,

offset, recoupment, diminution, or set-off whatsoever and shall be sufficient to provide all funds required for debt service on the Bonds, for payments due under any Credit Facility, and for all other amounts required under the Indenture.

Nothing in the Lease Purchase Agreement shall be construed to require the Board of Aldermen to appropriate any money to pay any Rentals or Additional Rentals (except as heretofore appropriated). If the City fails to pay any portion of the Rentals or Additional Rentals which are due under the Lease Purchase Agreement, the City, upon the request of the Bond Trustee, the Corporation, or the Authority, shall immediately quit and vacate the Convention Center 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 among the parties that the City shall not be obligated to pay any Rentals or Additional Rentals to the Corporation under the Lease Purchase Agreement except as provided in the Lease Purchase Agreement. Should the City fail to pay any portion of the required Rentals and Additional Rentals, the Bond Trustee in accordance with the Indenture may immediately bring legal action to evict the City from the Convention Center 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 Convention Center Property.

The Rentals and Additional Rentals constitute current expenses of the City and the City's obligations under the Lease Purchase 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 Purchase 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 Purchase Agreement nor the issuance of the Bonds directly, indirectly, or contingently obligates the City to make any payments under the Lease Purchase Agreement beyond those appropriated for the City's then current Fiscal Year; provided, however, that nothing in the Lease Purchase Agreement shall be construed to limit the rights of the Bondholders or the Bond Trustee to receive any amounts which may be realized from the Trust Estate pursuant to the Indenture.

The City covenants and agrees that the City's Budget Director, or any other officer at any time charged with responsibility of formulating budget proposals, is directed to include in the budget proposals submitted to the Board of Estimate and Apportionment, and to the extent permitted by law, to the Board of Aldermen of the City, in any year during the Lease Term, a request or requests for the Rentals and a reasonable estimate of Additional Rentals. Requests for appropriations shall be made in each Fiscal Year so that the Rentals and a reasonable estimate of Additional Rentals to be paid during the succeeding Fiscal Year will be available for such purposes. It is the intention of the City that the decision to appropriate the Rentals and Additional Rentals to provide financing for the Convention Center Property pursuant to the Lease Purchase Agreement shall be made solely by the Board of Aldermen and not by any other official of the City except subject to the power of the Mayor of the City to approve or disapprove ordinances. The City presently expects to, in each Fiscal Year of the City during the Lease Term, appropriate funds for the City to provide financing in an amount sufficient to pay principal of, redemption premium, if any, and interest, on the Bonds. 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 Purchase Agreement (i) upon such appropriation or (ii) upon failure to appropriate by June 30 (or such future date as the City shall adopt as at the end of its Fiscal Year) pursuant to Section 11.4(b) of the Lease Purchase Agreement.

As early as practicable, and in any case no later than three (3) Business Days following the date on which the budget for any Fiscal Year is finally approved by the Board of Aldermen of the City, the

City shall forward to the Corporation and the Authority, with a copy to the Bond Trustee, either (i) notice of the termination of the Lease Purchase Agreement or (ii) confirmation that sufficient funds have been budgeted and appropriated to make all payments of Rentals and Additional Rentals for such Fiscal Year. Notice that sufficient funds have been appropriated for such Fiscal Year shall be accompanied by evidence satisfactory to the Corporation that sufficient funds have been budgeted and appropriated to make all payments of Rentals for the Fiscal Year to which such notice pertains and to make such payments of Additional Rentals as shall be required for such Fiscal Year by the terms of the Lease Purchase Agreement. If the Bond Trustee does not receive such notice prior to June 30 (or such future date the City shall adopt as the end of its Fiscal Year) of such Fiscal Year, the Bond Trustee shall make independent inquiry of the fact of whether or not such appropriation has been made. If notice of termination has been duly given, all of the City's right, title, interest, and obligations under the Lease Purchase Agreement shall terminate without penalty on the day of receipt by the Bond Trustee of such notice. Subject to Section 11.4 of the Lease Purchase Agreement, failure of the City to budget and appropriate prior to June 30 (or such future date as the City shall adopt as the end of its Fiscal Year) of each year funds in the minimum amount equal to the Rentals and a reasonable estimate of Additional Rentals during such Fiscal Year, shall constitute an Event of Nonappropriation.

The City intends, subject to the provisions above with respect to the failure of the City to budget or appropriate funds to pay Rentals and a reasonable estimate of Additional Rentals, to continue the Lease Term and to pay the Rentals and Additional Rentals under the Lease Purchase 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. 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 the Lease Purchase Agreement with respect to the term thereof and annual appropriation, agrees to pay or cause to be paid the amounts required by the Lease Purchase Agreement as follows:

Until the principal of, premium, if any, and interest on the 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 Bond Trustee as assignee of the Corporation as to the Series 2003 Bonds, the Series 2005 Bonds, the Series 2008 Bonds, the Series 2009 Bonds, and the Series 2010 Bonds, and to the Bond Trustee as the assignee of the Authority as to the Series 2000 Bonds, in funds which will be immediately available to the Bond Trustee not less than five (5) Business Days before the date any payment is due, as Rentals in respect of the Convention Center 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 as provided in Section 213 of the Indenture (said amounts being in the Lease Purchase Agreement defined as "*Rentals*").

The City covenants and agrees that it shall 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 Bond 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 this Section, the City shall forthwith pay as Rentals any such deficiency to the Bond Trustee for deposit in the Bond Fund in immediately available funds and the Bond Trustee shall deposit such sum accordingly; provided that any amount at any time held by the Bond Trustee in the Bond Fund (not subject to the lien of the Bond 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 Bond Trustee in the Bond Fund (not subject to the lien of the Bond Trustee under Section 1002 of the Indenture) shall be sufficient to pay at the times required the principal of, premium, if any, and interest on all of the Bonds then remaining unpaid, the City shall not be obligated to pay Rentals.

Additional Rentals. The City shall pay or cause to be paid, subject to the provisions of Section 3.2 of the Lease Purchase Agreement, as Additional Rentals:

- (i) to the Bond Trustee amounts equal to the amounts to be paid to the Bond Trustee pursuant to Section 1002 of the Indenture;
- (ii) all Impositions (as defined in Article VI of the Lease Purchase Agreement);
- (iii) all amounts required under Section 15.1(c) of the Lease Purchase Agreement which amounts shall be deposited by the Bond Trustee in the Bond Fund pursuant to Section 502 of the Indenture;
- (iv) 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;
- (v) the payments, if any, which the City shall be required under the Lease Purchase Agreement to pay to any Credit Facility Provider pursuant to Section 507 of the Indenture and the payments, if any, which the City shall be required under the Lease Purchase Agreement to deposit into the Bond Reserve Fund pursuant to the procedure set forth in Section 506 of the Indenture;
- (vi) all reasonable expenses and advances incurred or made in connection with the enforcement of any rights under the Lease Purchase Agreement or the Indenture by the Corporation or the Bond Trustee and any reasonable expenses incurred by the Corporation to enable it to comply with the provisions of the Purchase Agreement, the Indenture, the Deed of Trust, or the Lease Purchase Agreement;
- (vii) all reasonable and necessary fees and expenses due the Corporation incurred in connection with the Series 2000 Bonds, the Series 2003 Bonds, the Series 2005 Bonds, the Series 2008 Bonds, the Series 2009 Bonds, the Series 2010 Bonds, or the establishment and maintenance of the Corporation's status as a Missouri nonprofit corporation or a qualified 501(c)(3) corporation;
- (viii) all reasonable and necessary fees and expenses due the Authority incurred in connection with the Series 2000 Bonds;
- (ix) all amounts required to be rebated to the United States as provided in the Indenture;
- (x) any reasonable amount due and owing by the Corporation as a consequence of complying with the Purchase Agreement, the Indenture, the Deed of Trust, and the Lease Purchase Agreement;

(xi) any reasonable amount due and owing by the Authority as a consequence of complying with the Deed of Trust, the Indenture or the Lease Purchase Agreement;

(xii) all sums required to be paid by the Corporation as successor in interest to the LCRA under a certain Parking Agreement by and among the LCRA, Lennox Associates, and the United States Department of Housing and Urban Development dated as of May 24, 1991 and recorded at Book 851M, page 565 in the Office of the St. Louis City Recorder of Deeds, as assigned by instrument recorded in Book 1001M, Page 2097; and

(xiii) any and all additional amounts owed by the City in connection with the Lease Purchase Agreement.

Rentals and Additional Rentals, Payable without Abatement or Set-Off; City Obligations, Assignments of Rentals, and Certain Additional Rentals. Subject to the provisions of the Lease Purchase Agreement relating to the term thereof and annual appropriation, the City covenants and agrees with and for the express benefit of the Corporation and the Authority 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 Purchase 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 Convention Center Property shall have been started or completed and shall be sufficient to provide all funds required for debt service on the Bonds, for funding of the Bond Reserve Fund, and for all other amounts required under the Indenture.

The obligation of the City to pay Rentals and Additional Rentals is subject to the provisions of Section 3.2 of the Lease Purchase Agreement and does not constitute a general obligation or indebtedness of the City for which the City is obligated to levy or pledge any form of taxation, or for which the City has levied or pledged any form of taxation and shall not be construed to be a debt of the City for any purpose whatsoever or in contravention of any applicable constitutional, statutory, or charter limitation or requirement, but in each Fiscal Year shall be payable solely from the amounts, if any, appropriated therefor out of the income and revenue provided for such year plus any unencumbered balances from previous years.

Impositions. The City shall, subject to the provisions of Section 3.2 of the Lease Purchase Agreement, during the Lease Term, bear, pay, and discharge, before the delinquency thereof, as Additional Rentals, all taxes and assessments, general and special, if any, which may be lawfully taxed, charged, levied, assessed, or imposed upon or against or be payable for or in respect of the Convention Center Property or the Corporation's or the City's interest in the Convention Center Property or the income therefrom or Rentals and other amounts payable under the Lease Purchase Agreement, including any new taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied, or assessed in lieu of or in addition to taxes or assessments now customarily levied against real or personal property, and further including all water and sewer charges, assessments, and other general governmental charges and impositions whatsoever, foreseen or unforeseen, which if not paid when due would impair the security of the Bonds or any Credit Facility Provider or encumber the Corporation's title to the Convention Center Property (all of the foregoing being in the Lease Purchase Agreement referred to as "*Impositions*").

Liability Insurance: Indemnification. The City shall obtain and maintain or shall cause to be obtained and maintained in force at all times during the Lease Term commercial insurance coverage against liability for injuries to or disability or death of any person or damage to or loss of property arising

out of or in any way relating to the condition or the operation of the Convention Center Property or any part thereof, such insurance coverage to be in an amount not less than \$1,000,000 combined single limit for bodily injury (including death) and property damage or loss, with excess liability coverage in an amount not less than \$20,000,000, subject to reasonable loss deductible clauses. The policies of said insurance shall contain a provision that such insurance may not be canceled without at least 30 days' advance written notice to the Corporation, the Bond Trustee, any Credit Facility Provider, and the City. Such policies or copies or certificates thereof shall be furnished to the Corporation, the Bond Trustee, any Credit Facility Provider, and the City. The proceeds of all such insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds may be paid. The Corporation, the Bond Trustee, the Credit Facility Provider, and the City shall each be named as additional insureds in any such insurance policy. The City further agrees to indemnify the Corporation, the Bond Trustee, and the Credit Facility Provider, as applicable, 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 fullest extent permitted by applicable State law.

Property Insurance. The City shall obtain and maintain or shall cause to be obtained and maintained in force at all times during the Lease Term commercial property insurance coverage insuring against loss or damage by fire, lightning, earthquake, and all other risks covered by the extended coverage insurance endorsement then in use in the State for the Convention Center Property in an amount not less than the full replacement value of Convention Center Property less the standard exclusions (which amount shall be as approved by the Credit Facility Provider, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder). Any such insurance may be subject to reasonable deductibles. The Corporation, the Bond Trustee, such Credit Facility Provider, and the City shall each be named as loss payees in any such insurance policy.

Workers' Compensation Insurance. The City agrees to maintain throughout the Lease Term, in connection with the Convention Center Property, its status as a qualified self-insurer under Chapter 287 of the Missouri Revised Statutes, as amended, with regard to Workers' Compensation Insurance or, with the prior written consent of the Credit Facility Provider, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder, similar reasonable and customary insurance.

Assignment, Etc., by the Corporation and the Authority. Pursuant to the Granting Clauses of the Indenture, the Corporation is concurrently assigning the Lease Purchase Agreement and all the rights and interests of the Corporation under the Lease Purchase Agreement, including pledging and granting a security interest in all moneys receivable under the Lease Purchase Agreement (except for its rights to receive payments under Section 4.2 of the Lease Purchase Agreement and its rights to indemnification under the Lease Purchase Agreement) and in the Convention Center Property in connection with the Series 2003 Bonds, the Series 2005 Bonds, the Series 2008 Bonds, the Series 2009 Bonds, and the Series 2010 Bonds to the Bond Trustee as security for payment of the principal of, premium, if any, and interest on such Bonds and any Additional Bonds. The City consents to such assignments of the Lease Purchase Agreement and the Rentals and such Additional Rentals receivable under the Lease Purchase Agreement and agrees that, subject to Section 3.2 of the Lease Purchase Agreement, as to the Bond Trustee, its obligation to make such payments shall be absolute and unconditional and without any defense or right of abatement, diminution, counterclaim, or set-off arising out of any breach by the Corporation, the Authority, or the Bond Trustee of any obligation to the City.

Assignment, Subleasing, Management Contracts, and Licensing by the City. The Lease Purchase Agreement may not be assigned by the City without the prior written consent of the Corporation, the Authority, and any Credit Facility Provider, as long as any Credit Facility shall be in

effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder. However, the Convention Center Property may be subleased by the City, in whole or in part, including a long-term contract for the use of or provision of services at the Convention Center Property (a "*Sublease*") and the City may enter into a contract for operation and/or management of the Convention Center Property (a "*Management Contract*") with the consent of the Corporation and the Bond Trustee, subject, however, to the prior written consent of such Credit Facility Provider, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder. In addition to the receipt of the above consents, each such assignment (the "*Assignment*"), Sublease, and Management Contract must meet certain conditions set forth in the Lease Purchase Agreement. Such conditions need not be satisfied with regard to a short-term lease or other agreement for short-term use of the Convention Center Property for trade shows, conventions, or other purposes in the ordinary course of its operation as a municipal convention center.

The City, subject to the prior written consent of the Credit Facility Provider, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder, may grant licenses to use all or any portion of the Convention Center Property in the normal course of business without the consent of the Corporation.

Purchase or Sale of Certain Portions of the Convention Center Property.

(a) So long as the City is not in Default under the Lease Purchase Agreement and upon the prior written consent of the Credit Facility Provider, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder, the City reserves the right at any time to either (i) purchase from the Corporation title to any portion of the Convention Center Property or (ii) surrender possession of any portion of such Convention Center Property and direct the Corporation to sell or dispose of any portion of such Convention Center Property, either by negotiated sale or by public sale, as the City shall direct.

The proceeds of sale shall be deposited by the Corporation with the Bond Trustee at the option of the City for credit: (1) to the Series 2003 Bond Account, the Series 2005 Non-restricted Subaccount of the Series 2005 Bond Account, the Series 2008 Non-restricted Subaccount of the Series 2008 Bond Account, the Series 2009A Non-restricted Subaccount of the Series 2009A Bond Account, the Series 2010A Non-restricted Subaccount of the Series 2010A Bond Account, and the Series 2010B Non-restricted Subaccount of the Series 2010B Bond Account, in proportion to the Outstanding Bonds of each such Series to the total Outstanding principal amount of each such Series, or (2) if no Parity Bonds are Outstanding, to the Series 2000 Bond Account, or (3) if no Parity Bonds or Series 2000 Bonds are Outstanding, to the Series 2005 Non-restricted Subaccount, or (4) if no Parity Bonds, Series 2000 Bonds, or Series 2005B Bonds are Outstanding, to the Series 2009B Non-restricted Subaccount, and used to redeem such Bonds of the respective Series at the earliest opportunity pursuant to Article III of the Indenture.

(b) If the City elects to purchase or dispose of any portion of the Convention Center Property upon the conditions described in subsection (a) above, the following procedures set forth in the Lease Purchase Agreement shall be followed.

(c) No sale or disposition of a portion of the Convention Center Property pursuant to this Section shall entitle the City to any reimbursement of any Rentals or Additional Rentals from the Corporation, the Authority, the Bond Trustee, the Bondholders, or any Credit Facility Provider, nor shall the City be entitled to any abatement or diminution in Rentals or Additional Rentals under the Lease Purchase Agreement, except such diminution as results from redemption of any Series of Bonds, as the

case may be, from the proceeds of such disposition pursuant to subsection (a) of this Section and Article III of the Indenture.

(d) The option granted to the City under this Section shall remain prior and superior to the Indenture but subordinate to the Deed of Trust provided that all options in the Lease Purchase Agreement granted shall terminate 90 days following the termination of the Lease Purchase Agreement.

Release of Certain Land from and Addition of Certain Land to Lease Purchase Agreement. Notwithstanding any other provisions of the Lease Purchase Agreement, the parties to the Lease Purchase Agreement reserve the right at any time and from time to time upon mutual consent and upon the prior written consent of the Credit Facility Provider, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder, to amend the Lease Purchase Agreement, without the consent of Bondholders, for the purpose of effecting the release of and removal from the Lease Purchase Agreement and the leasehold estate created under the Lease Purchase Agreement and/or the Deed of Trust of any part or parts of the real estate which has not been improved pursuant to the provisions of the Lease Purchase Agreement or for the purpose of effecting the addition to the Lease Purchase Agreement and the leasehold estate created under the Lease Purchase Agreement and the deed of trust of any additional real estate; provided, that if at the time any such amendment is made any of the Bonds are Outstanding and unpaid, there shall be deposited with the Bond Trustee certain documents as set forth in the Lease Purchase Agreement.

No such release or addition shall entitle the City to any abatement or diminution of the Rentals payable under Section 4.1 or the Additional Rentals payable under Section 4.2 of the Lease Purchase Agreement, nor shall any such release in any other way whatsoever affect the Lease Purchase Agreement or the Indenture with respect to the remaining parts of the Convention Center Property, and all the terms and provisions of the Lease Purchase Agreement and the Indenture shall remain in full force and effect with respect to the remaining part of the Convention Center Property as though no such release had been effected.

Removal of Convention Center Equipment. The City shall have the right, provided the City is not in Default in making Rentals or Additional Rentals under the Lease Purchase Agreement, to remove from the Convention Center Property and (on behalf of the Corporation) sell, exchange, or otherwise dispose of, without responsibility or accountability to the Corporation or the Bond Trustee with respect thereto, any items of machinery and equipment which constitute a part of the Convention Center Equipment and which have become inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary or which, in the sound discretion of the City, are otherwise no longer useful to the City in its operations conducted on or in the Convention Center Property, provided that, if the original cost of any single item of Convention Center Equipment to be sold, exchanged, or disposed of exceeds \$25,000 or if the aggregate original cost of such Convention Center Equipment to be sold, exchanged, or disposed of in any Fiscal Year exceeds \$200,000, then with respect to the proposed removal of such items of Convention Center Equipment the City shall obtain the prior written consent of the Credit Facility Provider, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder, and shall meet certain other conditions set forth in the Lease Purchase Agreement.

In all cases, the City shall pay all of the costs and expenses of any such removal and shall immediately repair at its expense all damage to the Convention Center Property caused thereby. The City's rights under this Section to remove from the Convention Center Property machinery and equipment constituting a part of the Convention Center Equipment is intended only to permit the City to maintain an efficient operation by the removal of machinery and equipment which is no longer suitable to the City's use of the Convention Center Property for any of the reasons set forth in this Section, and such

right is not to be construed to permit a removal under any other circumstances and specifically is not to be construed to permit the City to make a wholesale removal of the Convention Center Equipment.

Maintenance, Repairs, and Modifications. The City shall, at its own expense, maintain, preserve and keep the Convention Center Property in good repair and condition, and shall from time to time make all repairs, replacements, and improvements necessary to keep the Convention Center Property in such condition. Neither the Corporation nor the Authority shall have any responsibility for any of these repairs, replacements, or improvements. In addition, the City shall, at its own expense, have the right, with the prior written consent of the Credit Facility Provider, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder, to make additions, modifications, and improvements to the Convention Center Property or any part thereof as the City from time to time may deem necessary or desirable for its municipal purposes; provided, however, the City shall not make any additions, modifications, or improvements which will adversely affect the operation of the Convention Center Property. Such additions, modifications, and improvements shall not in any way damage the Convention Center Property nor cause it to be used for purposes other than those authorized under the provisions of municipal, state, and federal law; and the Convention Center Property upon completion of any additions, modifications, and improvements made pursuant to this Section, shall be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements.

No such addition, modification, or improvement to the Convention Center Property shall entitle the City to any reimbursement of any Rentals or Additional Rentals from the Corporation, the Bond Trustee, or the Bondholders, nor shall the City be entitled to any abatement or diminution in Rentals or Additional Rentals under the Lease Purchase Agreement, except such diminution as results from redemption of Bonds pursuant to Article III of the Indenture.

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 Convention Center Property (except for Permitted Encumbrances), other than the respective rights of the Corporation and the City as provided in the Lease Purchase Agreement and in the Purchase Agreement provided if any such lien is established the City shall notify the Corporation, the Bond Trustee, and any Credit Facility Provider of the City's intention to do so.

City's Option to Purchase Corporation's Interest. The City shall have the option to purchase the Corporation's fee interest in the Convention Center Property and to demand that the Corporation convey to the City title to all of the Convention Center Property, subject to Permitted Encumbrances and to terminate the Lease Purchase Agreement at any time during the Lease Term (subject to the requirements described in the Lease Purchase Agreement) upon payment of the purchase price described below and upon certain additional conditions set forth in the Lease Purchase Agreement.

If the City receives notice of an Event of Default pursuant to subsection (a) or (b) of Section 901 of the Indenture or if an Event of Nonappropriation under Section 11.4 of the Lease Purchase Agreement has occurred, the City shall also have the option to purchase the Corporation's fee interest in the Convention Center Property and to terminate the Lease Purchase Agreement upon payment of the purchase price described below and upon certain additional conditions set forth in the Lease Purchase Agreement.

Purchase Price. The purchase price payable by the City in the event of its exercise of either of the options granted in Section 10.1 shall be the sum of the following: (i) an amount of money which, when added to the amounts on deposit in the Bond Fund and the Bond Reserve Fund will be sufficient to

pay in full the Bonds then Outstanding or provide for their payment as provided in Article XIII of the Indenture; plus (ii) an amount of money equal to the Bond Trustee's and Paying Agents' fees and expenses under the Indenture and the Escrow Agent's fees and expenses under the Escrow Deposit Agreement, if any, accrued and to accrue until such redemption of the Bonds; plus (iii) an amount equal to all of the obligations of the City and the Corporation or the Authority, as applicable, under the Tax Compliance Agreements; plus (iv) reasonable costs incident to the redemption of the Bonds; plus (v) the sum of \$10.00.

Relative Position of Option and Indenture. The option granted to the City in this Article shall remain prior and superior to the Indenture but subordinate to the Deed of Trust and may be exercised whether or not the City is in Default under the Lease Purchase Agreement, provided that such Default will not result in non-fulfillment of any condition to the exercise of any such option and further provided that all options in the Lease Purchase Agreement granted shall terminate 90 days following the termination of the Lease Purchase Agreement.

No Obligation to Purchase the Convention Center Property. The City shall be under no obligation whatsoever to exercise its option to purchase the Convention Center Property.

Damage, Destruction, and Condemnation. Unless the City shall have exercised its option to purchase the Corporation's interest under the Lease Purchase Agreement and terminate the Lease Purchase Agreement as provided in Article X of the Lease Purchase Agreement, if (i) all the Convention Center Property is destroyed or is damaged by fire or other casualty or (ii) title to or the temporary use of the Convention Center Property or the interest of the City or the Corporation in the Convention Center 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 and with the consent of the Credit Facility Provider, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder, cause the net proceeds of any insurance or condemnation award to be deposited into the Project Fund to be applied to the prompt repair, restoration, modification, or improvement of the Convention Center 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 Convention Center Property shall be transferred to the Bond Fund and used in accordance with Section 507 of the Indenture.

If the City determines, with the consent of the Credit Facility Provider, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder, that the repair, restoration, modification, or improvement of the Convention Center Property is not economically feasible or in the best interest of the City, then, in lieu of making such repair, restoration, modification, or improvement, the City shall make provision for the redemption of Outstanding Bonds in an amount equal to the net proceeds of any such insurance or condemnation award rounded to the nearest Authorized Denomination, and such net proceeds (i) shall be deposited into the Bond Fund to be applied to the payment of the Outstanding Bonds called for redemption; (ii) shall be used to pay the fees and expenses of the Corporation and the Bond Trustee, together with all other amounts due under the Indenture and under the Lease Purchase Agreement as provided in Section 4.2 of the Lease Purchase Agreement, and (iii) shall be used to pay all amounts required to be rebated to the federal government pursuant to the Indenture or the Tax Compliance Agreements.

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 Convention Center Property in accordance with Section 11.1, subject to appropriation of sufficient funds, the City shall complete the work and pay any

cost in excess of the amount of the net proceeds, and the City agrees that if by reason of any such insufficiency of the net proceeds, the City shall make any payments pursuant to the provisions 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 Purchase Agreement.

Event of Nonappropriation. In the event that the Board of Aldermen does not budget and appropriate, specifically with respect to the Lease Purchase Agreement, on or before June 30 (or any other date later adopted by the City as the end of its Fiscal Year) of each year, moneys sufficient to pay all Rentals and the reasonably estimated Additional Rentals coming due for the next succeeding Fiscal Year, an Event of Nonappropriation shall be deemed to have occurred. Notwithstanding the foregoing, no Event of Nonappropriation shall be deemed to have occurred under the Lease Purchase 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 Purchase 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 Purchase 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 Nonappropriation shall occur and be continuing, upon receipt of a certificate from a City Representative which states that the City has not appropriated the funds required to be appropriated by the City, or upon receipt of other notice of the occurrence of any Event of Nonappropriation with respect to the City, the Bond Trustee shall immediately notify the Corporation of such occurrence.

If an Event of Nonappropriation shall occur, the City shall not be obligated to make payment of the Rentals or Additional Rentals or any other payment provided for in the Lease Purchase Agreement which accrue beyond the last day of the Fiscal Year for which Rentals or Additional Rentals were appropriated, except for the City's obligation to make payments which are payable prior to the termination of the Lease Purchase Agreement; provided, however, that the City shall continue to be liable for the amounts payable accrued during such time when the City continues to occupy the Convention Center Property. The Bond Trustee shall, upon the occurrence of an Event of Nonappropriation, have all rights and remedies granted to it under the Indenture and as a secured creditor under Missouri law, as Bond Trustee for the benefit of Bondholders and any Credit Facility Provider, and shall be further entitled to all monies then on hand in all funds and accounts created under the Indenture. All property, funds, and rights acquired by the Bond Trustee upon the termination of the Lease Purchase Agreement as to the City's possessory interest under the Lease Purchase Agreement by reason of an Event of Nonappropriation as provided in the Lease Purchase Agreement shall be held by the Bond Trustee under the Indenture for the benefit of the Bondholders and any Credit Facility Provider as set forth in the Indenture until the Bonds and such Credit Facility Provider are paid in full.

Upon the occurrence and continuance of any Event of Nonappropriation, the Bond Trustee may, subject to the prior written consent of the Credit Facility Provider, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder, or shall, at the prior written direction of such Credit Facility Provider, give notice to the City to vacate the Convention Center Property immediately (but in no event earlier than the expiration of the then current Fiscal Year for which the Lessee has paid or appropriated monies sufficient to pay all Rentals and Additional Rentals due for such Fiscal Year) and shall, without any further demand or notice, (i) terminate the Lease Purchase Agreement, re-enter the Convention Center Property, eject all parties in possession thereof therefrom, and sublease the Convention Center Property or (ii) take any action at law or in equity deemed necessary or desirable to enforce its rights with respect to the Convention Center Property.

Remedies Regarding City Defaults. Notwithstanding anything in the Lease Purchase Agreement to the contrary, the Bond Trustee shall be entitled to sublease the Convention Center Property to any entity, public or private, for such period as is necessary for the Bond 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 Bond Trustee with respect to the Bondholders and the receipt and disbursement of funds shall be continuing until the lien of the Indenture is discharged as provided in the Indenture.

Non-Condemnation Covenant. In the Lease Purchase Agreement, the City covenants and agrees, to the extent it may lawfully do so, that so long as any of the Bonds remain Outstanding and unpaid, the City will not exercise or cause to be exercised the power of condemnation with respect to the Corporation's interest in the Convention Center Property. The City further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the City should fail or refuse to abide by such covenant and condemns the Corporation's interest in the Convention Center Property, the appraised value of the Corporation's interest in the Convention Center Property shall not be less than the greater of (i) if such Bonds are then subject to redemption, the principal and interest components of the Bonds Outstanding through the date of their redemption, or (ii) if such Bonds are not then subject to redemption, the amount necessary to defease such Bonds to the first available redemption date in accordance with the Indenture.

Events of Default Defined. The following shall be "Events of Default" under the Lease Purchase Agreement and the terms "Events of Default" and "Default" shall mean, whenever they are used in the Lease Purchase Agreement, any one or more of the following events: (a) failure by the City to pay any Rentals or Additional Rentals in the amounts and at the times specified in the Lease Purchase Agreement; (b) failure by the City to observe or perform any covenant, condition, or agreement on its part to be observed or performed, other than as referred to in subsection (a) of this Section, for a period of 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 Bond Trustee, unless the Bond Trustee, subject to the prior written consent of the Credit Facility Provider, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder, 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 Bond Trustee shall not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the 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 bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings whether voluntary or involuntary instituted under the provisions of the federal bankruptcy laws, as amended, or under any similar acts which may hereafter be enacted; (d) failure by the City to immediately vacate the Convention Center Property upon request pursuant to Section 11.4 after an Event of Nonappropriation occurs; (e) the City shall vacate or abandon the Convention Center Property, and the same shall remain uncared for and unoccupied for a period of 60 consecutive days; (f) the Bond Trustee shall receive written notice from the Credit Facility Provider stating that an "Event of Default" has occurred under any Credit Facility, provided that the Credit Facility Provider has not failed, has not ceased or is not otherwise unable to act under, or has not wrongfully dishonored a claim against or failed to make a payment under the applicable Credit Facility.

Remedies on Default. Whenever any Event of Default referred to in Section 12.1 shall have happened and be continuing, the Corporation or the Bond Trustee shall have the right, at its option and subject to prior written consent of the Credit Facility Provider, as long as any Credit Facility shall be in

effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder, and without any further demand or notice, to take and shall take upon the prior written direction of such Credit Facility Provider, any one or more of the following remedial steps:

(a) By written notice to the City declare all Rentals and Additional Rentals for the Fiscal Year in which the Event of Default occurred to be immediately due and payable and such Rentals and Additional Rentals shall thereupon become immediately due and payable; or

(b) Give the City written notice of intention to terminate the Lease Purchase Agreement on a date specified in such notice, which date shall not be earlier than 30 days after such notice is given, and if all Defaults have not then been cured, on the date so specified, the City's rights to possession of the Convention Center Property shall cease and the Lease Purchase Agreement shall thereupon be terminated, and the Corporation or the Bond Trustee may reenter and take possession of the Convention Center Property; or

(c) Without terminating the Lease Purchase Agreement, reenter the Convention Center Property or take possession thereof pursuant to legal proceedings or pursuant to any notice provided for by law, and having elected to reenter or take possession of the Convention Center Property without terminating the Lease Purchase Agreement, the Corporation or the Bond Trustee shall use reasonable diligence to relet the Convention Center Property, or parts thereof, for such term or terms and at such rental and upon such other provisions and conditions as the Corporation or the Bond Trustee may deem advisable, with the right to make alterations and repairs to the Convention Center Property, and no such reentry or taking of possession of the Convention Center Property by the Corporation or the Bond Trustee shall be construed as an election on the part of the Corporation or the Bond Trustee to terminate the Lease Purchase Agreement, and no such reentry or taking of possession by the Corporation or the Bond Trustee shall relieve the City of its obligation to pay Rentals or Additional Rentals (at the time or times provided in the Lease Purchase Agreement), or of any of its other obligations under the Lease Purchase Agreement, all of which shall survive such reentry or taking of possession, and the City shall continue to pay the Rentals and Additional Rentals specified in the Lease Purchase Agreement until the end of the Lease Term, whether or not the Convention Center Property shall have been relet, less the net proceeds, if any, of any reletting of the Convention Center Property after deducting all of the reasonable expenses of the Corporation and the Trustee in or in connection with such reletting, including without limitation all repossession costs, brokerage commissions, legal expenses, expenses of employees, alteration costs, and expense of preparation for reletting. Said net proceeds of any reletting shall be deposited in the Bond Fund and shall be applied as provided in the Indenture.

Having elected to reenter or take possession of the Convention Center Property without terminating the Lease Purchase Agreement, the Corporation or the Bond Trustee may, with the prior written consent of the Credit Facility Provider, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder (subject, however, to any restrictions in the Indenture against termination of the Lease Purchase Agreement), and shall at the written direction of such Credit Facility Provider, by notice to the City given at any time thereafter while the City is in Default in the payment of Rentals or Additional Rentals or in the performance of any other obligation under the Lease Purchase Agreement, elect to terminate the Lease Purchase Agreement on a date to be specified in such notice, which date shall be not earlier than 30 days after reentry under subparagraph (c) above, and if all Defaults shall not have been cured, on the date so specified the Lease Purchase Agreement shall thereupon be terminated. If in accordance with any

of the foregoing provisions of this Article the Corporation or the Bond Trustee shall have the right to elect to reenter and take possession of the Convention Center Property, the Corporation or the Bond Trustee may, with the prior written consent of the Credit Facility Provider, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder, and shall at the written direction of such Credit Facility Provider, enter and expel the City and those claiming through or under the City and remove the property and effects of both or either without being guilty of any manner of trespass and without prejudice to any remedies for arrears of rent or for preceding breach of covenant. The Corporation or the Bond Trustee may take whatever action at law or in equity which may appear necessary or desirable to collect rent then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement, or covenant of the City under the Lease Purchase Agreement, or any right of the Corporation or the Bond Trustee pursuant to this subsection.

Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, the Corporation or the Bond Trustee may, at its option and with the prior written consent of the Credit Facility Provider, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder, and shall at the written direction of such Credit Facility Provider, by notice in writing to the City and such Credit Facility Provider, terminate the City's right of possession under the Lease Purchase Agreement as to any one or more items of the Convention Center Equipment, whereupon all right and interest of the City to or in the use of such items shall terminate, and the Corporation or the Bond Trustee may, with the prior written consent of the Credit Facility Provider, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder, and shall at the written direction of such Credit Facility Provider, cause the City, upon the written demand of the Corporation or the Bond Trustee, at the City's expense, to promptly return any and all such items of the Convention Center Equipment to the Corporation or the Bond Trustee at a site designated by the Corporation or the Bond Trustee and in good condition, and whether or not the Lease Purchase Agreement has been terminated, the Corporation or the Bond Trustee may, at its option and with the prior written consent of the Credit Facility Provider, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder, and shall at the written direction of such Credit Facility Provider, enter upon the premises where any such items of Convention Center Equipment are located and take immediate possession and remove such items of the Convention Center Equipment by summary proceedings or otherwise, or may with the prior written consent of the Credit Facility Provider, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder, and shall at the prior written direction of such Credit Facility Provider, cause the City, at the City's expense, to store, maintain, surrender, and deliver possession of such items of the Convention Center Equipment to the Corporation or the Bond Trustee at the site specified by such Credit Facility Provider, all without liability to the City for or by reason of such entry or taking of possession, whether for the restoration of damage to property caused by such taking or otherwise.

(e) Take whatever action at law or in equity that may appear necessary or desirable to collect the Rentals and Additional Rentals then due and thereafter to become due during the Term of the Lease Purchase Agreement, or enforce performance and observance of any obligation, agreement, or covenant of the City under the Lease Purchase Agreement.

Limitations on Remedies. Notwithstanding any provision of the Lease Purchase Agreement to the contrary, a judgment requiring a payment of money may be entered against the City by reason of an Event of Default under the Lease Purchase Agreement only as to the following liabilities: (a) the portion of Rentals and Additional Rentals which would otherwise have been payable under the Lease Purchase Agreement, allocable to any period in which the City continues to occupy the Convention Center Property; and (b) Rentals, Additional Rentals, or other obligations under the Lease Purchase Agreement which would otherwise have been payable by the City under the Lease Purchase Agreement subsequent to termination of the Lease Purchase Agreement. A judgment requiring a payment of money may be entered against the City by reason of an Event of Nonappropriation only to the extent that the City fails to vacate the Convention Center Property as required by the Lease Purchase Agreement and only as to the liabilities described in this Section of the Lease Purchase Agreement.

Performance of the City's Obligations. If the City shall fail to make any payment or to keep or perform any of its obligations as provided in the Lease Purchase Agreement, then the Corporation, any Credit Facility Provider in the Corporation's name, or the Bond Trustee, may (but shall not be obligated so to do) upon the continuance of such failure on the City's part for 60 days after notice of such failure is given the City by the Corporation, such Credit Facility Provider, or the Bond Trustee, and without waiving or releasing the City from any obligation under the Lease Purchase Agreement, as an additional but not exclusive remedy, make any such payment or perform any such obligation, and all sums so paid by the Corporation, such Credit Facility Provider or the Bond Trustee, and all necessary incidental costs and expenses incurred by the Corporation, such Credit Facility Provider, or the Bond Trustee in performing such obligations shall be deemed Additional Rentals and shall be paid by the City to the Corporation, such Credit Facility Provider, or the Bond Trustee, as applicable, on demand, and if not so paid by the City, the Corporation, or the Bond Trustee shall have the same rights and remedies provided for in Section 12.2 of the Lease Purchase Agreement in the case of Default by the City in the payment of Rentals.

Rights and Remedies Cumulative. The rights and remedies reserved by the Corporation and the City under the Lease Purchase Agreement and those provided by law shall be construed as cumulative and continuing rights. No one of them shall be exhausted by the exercise thereof on one or more occasions. The Corporation and the City shall each be entitled to specific performance and injunctive or other equitable relief for any breach or threatened breach of any of the provisions of the Lease Purchase Agreement, notwithstanding availability of an adequate remedy at law, and each party waives the right to raise such defense in any proceeding in equity.

No Remedy Exclusive. No remedy in the Lease Purchase Agreement conferred upon or reserved to the Corporation or the Bond Trustee is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Lease Purchase Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Corporation or the Bond Trustee to exercise any remedy reserved to it in this Article it shall not be necessary to give any notice, other than such notice as may be required in this Article or by law.

Amendments. Except as otherwise provided in the Lease Purchase Agreement, the Deed of Trust, 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 Purchase Agreement may not be effectively amended, changed, modified, altered, or terminated without the concurring written consent of the Bond Trustee and the Credit Facility Provider, as long as any Credit Facility shall be in effect and the Credit

Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder, given in accordance with the provisions of the Indenture except as provided in Article XII of the Indenture. In addition, as long as any Credit Facility shall be in effect and the Credit Facility Provider shall be in compliance with any payment obligations thereunder, any provision of the Deed of Trust expressly recognizing or granting rights in or to the Credit Facility Provider may not be amended in any manner which affects the rights of the Credit Facility Provider thereunder without the prior written consent of the Credit Facility Provider. Any rating agency rating the Bonds must receive notice of each amendment and a copy thereof at least 15 days in advance of its execution or adoption. The Credit Facility Provider shall be provided with a full transcript of all proceedings relating to the execution of any supplement or amendment.

Merger, Consolidation, Transfer of Assets, Etc. As long as any of the Bonds remain Outstanding and unpaid, or until provision for the payment thereof has been made as provided in Article XIII of the Indenture, the Corporation and the Authority shall maintain their respective corporate existences and shall not dissolve or otherwise dispose of all or a major portion of their assets without the approval of the City, the Bond Trustee, and the Credit Facility Provider, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder.

City's Financial Reports. So long as any of the Bonds are Outstanding, the City shall deliver to the Bond Trustee, as soon as available, a copy of the City's annual audited financial statements. Such audited financial statements will include the financial transactions of the Corporation and the Authority in accordance with generally accepted accounting principles.

Rights of the Credit Facility Provider. Notwithstanding anything to the contrary in the Lease Purchase Agreement no event, except an event described in Sections 901(a) or 901(b) of the Indenture, shall constitute an Event of Default under the Lease Purchase Agreement until such event is declared by the Credit Facility Provider, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder, to be an Event of Default. In addition, the Bond Trustee and the Corporation shall exercise their remedies, and their rights to give waivers and rescind acts provided for in the Lease Purchase Agreement solely at the direction of such Credit Facility Provider and only if and as directed in writing by such Credit Facility Provider; and provided, further, that such direction shall not be otherwise than in accordance with the provisions of law and of the Lease Purchase Agreement, and provided, further, that the Bond Trustee shall have the right to decline to follow any such direction if the Bond Trustee in good faith shall determine that such direction would materially prejudice the rights of the Bondholders.

Subordination of Agreement to Deed of Trust. The Lease Purchase Agreement is and shall continue to be subject and subordinate to the lien of the Deed of Trust (and to all extensions, renewals, or modifications thereof) and all other security agreements, financing statements, or other security interests given by the Corporation to or for the benefit of the Bond Trustee and any Credit Facility Provider or either of them to secure the payment of the principal of and interest on the Bonds.

Assignment of Revenues. Pursuant to the Indenture, the Corporation shall assign and pledge any rents, revenues, and receipts receivable by it under the Lease Purchase Agreement, to the Bond Trustee as security for payment of the principal of, interest and premium, if any, on the Parity Bonds and the City consents to such pledge and assignment.

Summary of Certain Provisions of the Indenture

The following is a summary of certain provisions of the Indenture and is qualified in its entirety by reference thereto.

Series 2010 Bonds. “St. Louis Municipal Finance Corporation, Compound Interest Leasehold Revenue Bonds, Series 2010A (Convention Center Capital Improvement Project)” (the “*Series 2010A Bonds*”) and “St. Louis Municipal Finance Corporation, Compound Interest Leasehold Revenue Refunding Bonds, Series 2010B (Convention Center Project) (the “*Series 2010B Bonds*”) and, together with the Series 2010A Bonds, the “*Series 2010 Bonds*”). The Series 2010A Bonds shall be issued in the aggregate principal amount of \$24,736,396.30 and the Series 2010B Bonds shall be issued in the aggregate principal amount of \$8,517,606.90. The proceeds from the Series 2010A Bonds shall be used (a) to pay the costs of refunding the Outstanding Series 1993A Bonds, (b) to fund a debt service reserve fund for the Series 2010A Bonds, and (c) to pay the Costs of Issuance in connection with the issuance and sale of the Series 2010A Bonds. The proceeds from the Series 2010B Bonds shall be used (a) to pay the Costs of the Series 2010 Project, (b) to fund a debt service reserve fund for the Series 2010B Bonds, and (c) to pay the Costs of Issuance in connection with the issuance and sale of the Series 2010B Bonds and the purchase of credit enhancement. The Series 2010 Bonds consist of Bonds, the principal of which are payable solely at maturity, or earlier redemption or acceleration. The form of the Series 2010 Bonds and the Certificate of Authentication thereon shall be in substantively the form set out in **Exhibit A** to the Indenture.

Nature of Obligations. Each Series of Bonds and the interest thereon shall be special obligations of the Issuer payable solely out of any Credit Facility in effect with respect to such Series, and out of the Rentals and certain Additional Rentals, 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 and no incorporator, member, agent, employee, director, or officer of the Issuer or the City shall at any time or under any circumstances be individually or personally liable under the Indenture or the Lease Purchase Agreement for anything done or omitted to be done by the Issuer or the City under the Indenture or 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.

The Bonds are further secured by a lien on and security interest in the Convention Center Property pursuant to the Deed of Trust. Under certain Events of Default described in the Indenture, the therein-named mortgage trustee shall, if directed by the Trustee, foreclose on the Deed of Trust and apply the proceeds therefrom in accordance with Article IX of the Indenture.

The Bonds of such Series may be issuable as Compound Interest Bonds or Current Interest Bonds or a combination of both, the terms to be provided in the Supplemental Indenture applicable to such Series.

Method and Place of Payment of the Bonds; Interest Rights Preserved. The principal of and redemption premium, if any, and interest (computed on the basis of a 360-day year consisting of twelve 30-day months) or Accreted Value of and redemption premium, if any, on the Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. Payment of the principal of and redemption premium, if any, or Accreted Value of and redemption premium, if any, shall be made to the persons in whose names such Bonds are registered upon the presentation and surrender of such Bonds at their respective Maturities or Redemption Dates at the principal corporate trust office of the Paying Agent. Payment of the interest on each Bond shall be made by the Paying Agent on each Interest Payment Date

to the Registered Owner thereof at the close of business on the Record Date next preceding said Interest Payment Date by check or draft mailed to such Bondholder at his address as it appears on the Bond Register. Upon written request to the Paying Agent by the Holder, as of the Record Date, of at least \$1,000,000 principal amount of the Bonds, principal of and interest on the Bonds payable subsequent to the Record Date on or after which such notice is received shall be made by wire transfer to an account designated by such Holder or in such other manner as such Bondholder and the Paying Agent may determine.

Registration, Transfer, and Exchange of Bonds. Pursuant to the Indenture, the Trustee is appointed Bond Registrar for the purpose of registering and transferring Bonds and as such shall keep the Bond Register as provided in the Indenture. All of the 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 imposed by any Supplemental Indenture relating to global bond certificates in the event Bonds are issued in book-entry only form, Bonds may be transferred in the Bond Register only upon surrender thereof to the Trustee duly endorsed for transfer or accompanied by a written instrument of transfer duly executed by the Registered Owner thereof or his attorney or legal representative in such form as shall be satisfactory to the Trustee. Upon any such transfer, the Issuer shall execute and the Trustee shall authenticate and deliver in exchange for such Bond, a new Bond or Bonds, registered in the name of the transferee, of any denomination or denominations authorized by the Indenture or by the Supplemental Indenture authorizing such Bonds in an aggregate principal amount equal to the principal amount of such Bond, of the same Series and Stated Maturity and bearing interest at the same rate.

Bonds, upon surrender thereof at the principal corporate trust office of the Trustee, together with 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, may, at the option of the Registered Owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series and Stated Maturity, of any denomination or denominations authorized by the Indenture, and bearing interest at the same rate.

In all cases in which Bonds shall be exchanged or transferred as provided in the Indenture, the Issuer shall execute and the Trustee shall authenticate and deliver at the earliest practicable time Bonds in accordance with the Indenture. All Bonds surrendered in any such exchange or transfer shall forthwith be cancelled by the Trustee. No service charge shall be made to any Bondholder for registration, transfer, or exchange of Bonds, but the Issuer or the Trustee may make a charge for every such exchange or transfer of Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer, and such charge shall be paid before any such transfer or exchange shall be completed.

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

Persons Deemed Owners of Bonds. The person in whose name any Bond shall be registered as shown in the Bond Register shall be deemed and regarded by the Issuer, the Trustee, and the Paying Agent as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment thereof or on account thereof and for all purposes, and none of the Issuer, the Trustee, or the Paying Agent shall be affected by notice to the contrary. Payment of or on account of the principal

of, and redemption premium, if any, and interest on any Bond shall be made only to or upon the order of the Registered Owner thereof or his legal representative. All such payments shall be valid and effective to satisfy and discharge the liability upon such Bond, including the redemption premium, if any, and interest thereon, to the extent of the sum or sums so paid and to that extent only.

Additional Bonds. So long as (x) no event 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 Purchase Agreement (unless such Additional Bonds are Refunding Bonds or are being issued to cure such event), and (y) the Bond Reserve Fund is fully funded at the Bond Reserve Fund Requirement (including with respect to such Additional Bonds) upon the issuance of such Additional Bonds, except as permitted by the Credit Facility Provider (so long as the Credit Facility Provider is not in default in its payment obligations under the Credit Facility), Additional Bonds may be issued under and equally and ratably secured by the Indenture on a parity with the Parity Bonds, at any time and from time to time with prior written consent of the Credit Facility Provider, if any, upon compliance with the conditions provided in this Section, for the purpose of providing funds (i) to pay the cost of completing the Series 1990 Project or an Additional Project, such cost to be evidenced by a certificate signed by a City Representative and a Corporation Representative or an Authority Representative, as the case may be, (ii) to pay all or any part of the cost of the acquisition, purchase, construction, installation, or equipping of additions to or expansions of or remodeling or modification or rehabilitation of the Convention Center Property and to pay the costs of acquisition and installation of additional equipment and the costs of acquisition of additional rolling stock related to the Convention Center Property and (iii) for refunding all or any part of the Outstanding Parity Bonds issued for the purpose of refunding such Parity Bonds, 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 Issuer shall adopt a resolution authorizing the issuance of such Additional Bonds, which Resolution shall satisfy the conditions set forth in the Indenture and shall provide for such other matters as are appropriate because of the issuance of such Additional Bonds that, in the judgment of the Trustee, is not to the prejudice of the Issuer or the Registered Owners of the Bonds previously issued.

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 on a parity with and shall be entitled to the same benefit and security of the Indenture as the Parity Bonds. No Refunding Bonds shall be issued to refund all or a portion of Bonds Outstanding unless such Outstanding Bonds shall be deemed defeased under the Indenture upon completion of such refunding and the debt service due in any year shall be no greater than such debt service would have been without the refunding of such Outstanding Bonds.

Nothing in the Indenture shall prohibit the Issuer from issuing bonds for any purpose other than pursuant to the provisions of the Indenture and payable from sources other than the Trust Estate. Except as provided in this Section, the Issuer shall not otherwise issue any obligations on a parity with the Bonds secured by the Indenture, but the Issuer may, with prior written consent of the Credit Facility Provider, if there shall be in effect a Credit Facility, issue other obligations specifically subordinate and junior to the Parity Bonds.

Notwithstanding anything in the foregoing to the contrary, so long as any Bonds insured by any Credit Facility Provider remain Outstanding or any amounts are owed to any Credit Facility Provider by the Issuer or the City, the Issuer shall not without the prior written consent of such Credit Facility Provider issue or incur indebtedness payable from or secured in whole or in part by the Rentals that permits or requires the holder thereof to tender such indebtedness for purchase prior to the stated maturity thereof, unless immediately after such issuance or incurrence, the amount of such tender indebtedness is

equal to or less than thirty percent (30%) of the total Outstanding principal amount of Bonds or other indebtedness payable from Rentals.

Any subsidy payments received by the City or the Issuer as a consequence of any Additional Bonds issued as Recovery Zone Economic Development Bonds or Build America Bonds under the American Recovery and Reinvestment Act of 2009, as amended, or other program providing for debt service subsidies with respect to Bonds (“*Federal Subsidy*”) shall not constitute an offset to debt service for purposes of the Indenture, including for purposes of determining the Bond Reserve Fund Requirement of Maximum Annual Debt Service (as such terms are used in the Indenture and the Lease Purchase Agreement). The Issuer’s obligation to pay principal and interest on any Bonds insured by AGM shall not be net of the Federal Subsidy so that if such Federal Subsidy is suspended, reduced, or terminated, the Issuer shall remain obligated for the full amount of principal and interest on such Bonds insured by AGM, and the City shall be obligated to pay Rentals with respect thereto.

Description of the Series 2010 Bonds.

The Series 2010A Bonds shall have Stated Maturities in the respective principal amounts (subject to prior redemption as hereinafter provided in Article III of the Indenture) as set forth below, and shall bear interest from their date, payable at maturity or upon earlier redemption, compounded semi-annually on each Series 2010A Accretion Date, computed on the basis of a 360-day year of twelve 30-day months from the date of such Series 2010A Bonds until paid (subject to rounding to the Series 2010A Accreted Values set forth in **Exhibit K** to the Indenture), at the rates per annum, as follows:

**Series 2010A Bonds
Serial Bonds**

Maturity	Original Principal Amount Per \$5,000 of Series 2010A Accreted Value at Maturity	Total Original Principal Amount	Interest Rate*	Final Maturity Amount
7/15/2031	\$1,353.75	\$4,456,545.00	6.220%	\$16,460,000.00
7/15/2032	1,254.15	4,128,661.80	6.290	16,460,000.00
7/15/2033	1,165.60	3,837,155.20	6.340	16,460,000.00
7/15/2034	1,084.75	3,570,997.00	6.380	16,460,000.00
7/15/2035	1,008.80	3,320,969.60	6.420	16,460,000.00
7/15/2036	944.60	3,109,623.20	6.430	16,460,000.00
7/15/2037	884.30	2,312,444.50	6.440	13,075,000.00
Total		\$24,736,396.30		\$111,835,000.00

*Subject to rounding to the Series 2010A Accreted Values.

The Series 2010B Bonds shall have Stated Maturities in the respective principal amounts (subject to prior redemption as hereinafter provided in Article III of the Indenture) as set forth below, and shall bear interest from their date, payable at maturity or upon earlier redemption, compounded semi-annually on each Series 2010B Accretion Date, computed on the basis of a 360-day year of twelve 30-day months from the date of such Series 2010B Bonds until paid (subject to rounding to the Series 2010B Accreted Values set forth in **Exhibit K** to the Indenture), at the rates per annum, as follows:

**Series 2010B Bonds
Serial Bonds**

Maturity	Original Principal Amount Per \$5,000 of Series 2010B Accreted Value <u>at Maturity</u>	<u>Total Original Principal Amount</u>	<u>Interest Rate*</u>	Final Maturity <u>Amount</u>
7/15/2014	\$4,395.05	\$8,517,606.90	3.000%	\$9,690,000.00

*Subject to rounding to the Series 2010B Accreted Values.

The table of Series 2010A Accreted Values attached to the Indenture as **Exhibit K** sets forth the Series 2010A Accreted Values for the Series 2010A Bonds on each Series 2010A Accretion Date per \$5,000 of Series 2010A Accreted Value at Maturity. The table of Series 2010B Accreted Values attached to the Indenture as **Exhibit K** sets forth the Series 2010B Accreted Values for the Series 2010B Bonds on each Series 2010B Accretion Date per \$5,000 of Series 2010A Accreted Value at Maturity.

The Bond Trustee is designated as the Corporation's Paying Agent for the payment of the Series 2010A Accreted Values and the Series 2010B Accreted Values as set forth in **Exhibit K** to the Indenture. When the Series 2010 Bonds shall have been executed, authenticated, and registered as required by the Indenture, the Bond Trustee shall deliver the Series 2010 Bonds to or upon the order of the purchasers thereof upon payment to the Bond Trustee of the purchase price of the Series 2010 Bonds. The proceeds of the sale of the Series 2010 Bonds, including accrued interest and premium thereon, if any, shall be immediately paid over to the Bond Trustee, and the Bond Trustee shall deposit and apply such proceeds as provided in Section 403.

Immobilization of Bonds by the Depository. Except as otherwise provided with respect to the Series 2005 Bonds in Section 206, pursuant to the contracts for the sale of the Bonds to the original purchasers, immediately upon delivery of the Bonds, the original purchasers of the Bonds shall deposit the Global Bond Certificates representing all of the Bonds with DTC. The Global Bond Certificates may be in printed or typewritten form or otherwise, as shall be acceptable to DTC and shall be registered in the name of Cede & Co., or such other name as may be requested by an authorized representative of DTC, and held immobilized from circulation at the offices of DTC on behalf of the original purchasers and subsequent Bondholders. DTC will be the sole Holder of record of such Global Bond Certificates and no investor or other party purchasing, selling, or otherwise transferring ownership of any Bonds, or any interest therein is to receive, hold, or deliver any bond certificates as long as DTC holds such Bonds immobilized from circulation.

Optional and Mandatory Redemption of the Series 2010 Bonds. The Series 2010 Bonds are not subject to optional redemption or mandatory redemption.

Redemption in Event of Condemnation, Deficiency of Title, Fire or Other Casualty, or Change in Law or Circumstances. The Bonds shall be subject to extraordinary optional redemption and payment prior to their Stated Maturities by the Issuer, upon instructions from the City, with the consent of the Credit Facility Provider so long as there shall be in effect a Credit Facility, on any date (except as provided in the following paragraph) upon the occurrence of any of the following conditions or events, provided the Bonds so redeemed are redeemed and paid according to their terms: (1) if title to, or the use of, substantially all of the Convention Center Property is condemned by any authority having the power of eminent domain; (2) if the Corporation's interest in substantially all of the Convention Center Property is found to be deficient or nonexistent to the extent that the Convention Center Property is untenable or

the efficient utilization of the Convention Center Property by the City is impaired; (3) if substantially all of the Convention Center 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 Purchase 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.

In the event that the City, with the consent of any Credit Facility Provider (so long as the Credit Facility Provider is not in default in its payment obligations under the Credit Facility), exercises its option to prepay all or a portion of the amounts payable pursuant to casualty, condemnation, changes in law, or other circumstances as provided in this Section from amounts available under the Indenture, any Compound Interest Bonds and any Current Interest Bonds so prepaid shall be subject to extraordinary optional redemption in whole at any time or in part on any Accretion Date or Interest Payment Date, respectively, at the written direction of the City given to the Issuer and the Bond Trustee not less than 35 days nor more than 60 days prior to the Redemption Date.

Any Current Interest Bond redeemed pursuant to this Section shall be redeemed at a redemption price of 100% of the principal amount thereof and interest accrued as of the Redemption Date. Any Compound Interest Bond redeemed pursuant to this Section shall be redeemed at a redemption price of 100% of the Accreted Value of such Bond as of the Redemption Date plus accrued interest from the next preceding applicable Accretion Date computed as follows: (i) the quotient of the number of days elapsed, computed on the basis of a 360-day year of twelve 30-day months, from and including the next preceding applicable Accretion Date to but not including the redemption or maturity date divided by 180, multiplied by (ii) the Accreted Value on the next succeeding applicable Accretion Date minus the Accreted Value on the immediately preceding applicable Accretion Date.

Notwithstanding any provision in the Indenture contained, no Series 2000 Bond may be redeemed pursuant to this Section unless provision for payment of all Outstanding Parity Bonds has been made as provided in this Section. Notwithstanding any provision in the Indenture contained, no Series 2005B Bond may be redeemed pursuant to this Section unless provision for payment of all Outstanding Parity Bonds and all Outstanding Series 2000 Bonds has been made as provided in this Section. Notwithstanding any provision in the Indenture contained, no Series 2009B Bond may be redeemed pursuant to this Section unless provision for payment of all Outstanding Parity Bonds, all Outstanding Series 2000 Bonds, and all Outstanding Series 2005B Bonds has been made as provided in this Section.

Selection of Bonds to Be Redeemed. When less than all of the Outstanding Bonds of any Series are to be redeemed and paid prior to Maturity pursuant to Article III of the Indenture, such Bonds shall be redeemed in such order of Maturity as directed by the Issuer (upon the direction of the City) in its written request to redeem as provided in Section 306 by lot or by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions of the principal of Outstanding Bonds of that Series of such denomination as provided in the Indenture. Compound Interest Bonds shall be redeemed only in denominations of \$5,000 of Accreted Value or any integral multiple thereof on the date of such redemption and Current Interest Bonds shall be redeemed only in \$5,000 principal amount and or integral multiple thereof on the date of such redemption. Each \$5,000 of Accreted Value of Compound Interest Bonds and each \$5,000 principal amount of Current Interest Bonds shall hereinafter be referred to as a "\$5,000 Unit." Bonds of less than a full Maturity are to be selected by the Bond Trustee in \$5,000 Units in such equitable manner as the Bond Trustee may determine.

Any 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 Bond, without service

charge, a new Bond or Bonds, of any authorized denomination as requested by such Holder in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bonds so surrendered. If the Holder of any Bond to be redeemed only in part shall fail to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the Redemption Date to the extent of the principal amount or Accreted Value of a Bond so called for redemption and accrued interest thereon, if any (and to that extent only). If the Bonds are in the form of Global Bond Certificates, the partial redemption of such Bonds shall be governed by the agreement among the Issuer, the Trustee, and the Depository.

In the case of a partial redemption of Bonds by lot when Bonds of denominations greater than \$5,000 are then Outstanding, for all purposes in connection with such redemption each \$5,000 Unit shall be treated as though it were a separate Bond of the denomination of \$5,000. If it is determined that one or more, but not all of the \$5,000 Units represented by any Bond is selected for redemption, then upon notice of intention to redeem such \$5,000 Unit or Units, the Holder of such Bond or his duly authorized agent shall forthwith present and surrender such Bond to the Bond Trustee (i) for payment of the redemption price (including the premium, if any, and interest to the date fixed for redemption) of the \$5,000 Unit or Units called for redemption, and (ii) for exchange, without charge to the Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Owner of any Bond of a denomination greater than \$5,000 shall fail to present a Bond called for redemption such Bond shall, nevertheless, become due and payable on the redemption date to the extent of the \$5,000 Unit or Units called for redemption (and to that extent only).

Trustee's Duty to Redeem Bonds. The Trustee shall call Bonds for redemption and payment as in the Indenture provided upon receipt by the Trustee at least 45 days prior to the Redemption Date of a written request of the Issuer (upon the direction of the City) and, if a Credit Facility shall then be in effect with respect to such Bonds and if such Credit Facility is a letter of credit, written confirmation from the Credit Facility Provider that any amounts required to be deposited with the Credit Facility Provider pursuant to the provisions of the Credit Facility relating to such Bonds have been so deposited. Such request shall specify the principal amount and Stated Maturities of Bonds to be called for redemption, the applicable redemption price or prices, and the provision or provisions of the Supplemental Indenture authorizing Additional Bonds pursuant to which such Bonds are to be called for redemption. The foregoing provisions of this paragraph shall not apply in the case of any mandatory redemption of Bonds pursuant to the mandatory redemption requirements of a Supplemental Indenture authorizing Additional Bonds, if any, and Bonds shall be called by the Trustee for redemption pursuant to such mandatory redemption requirements without the necessity of any action by the Issuer or the City and whether or not the Trustee shall hold in the Bond Fund or any other Bond Fund moneys available for and sufficient to effect the required redemption.

Notice of Redemption. If and when any of the 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 the Credit Facility Provider, if applicable, and to each Holder of Bonds to be redeemed, at the address appearing on the Bond Register. All notices of redemption shall include the information set forth in the Indenture. The failure of the Holder of any Bond to be so redeemed to receive written notice mailed as in the Indenture provided shall not affect or invalidate the redemption of such Bond. The Bond Registrar is also directed to comply with any mandatory or voluntary standards then in effect for processing redemptions of municipal securities established by the Securities and Exchange Commission. Failure to comply with such standards shall not affect or invalidate the redemption of any Bond to be redeemed.

Effect of Call for Redemption. Prior to any date fixed for redemption 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 Current Interest Bonds to be called for redemption and accrued interest thereon or, to pay the Accreted Value of Compound Interest Bonds, and interest thereon, if any, 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 Bonds to be redeemed. Any redemptions pursuant to Section 302 of 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, including the deposit of such funds or United States Government Obligations, and the giving of notice as provided in Section 307, such Bonds or the portions thereof thus called for redemption shall cease to bear interest on their Redemption Date, 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.

Notwithstanding any provision in the Indenture contained, no Series 2000 Bond may be redeemed pursuant to this Section unless provision for payment of all Outstanding Parity Bonds has been made as provided in this Section. Notwithstanding any provision in the Indenture contained, no Series 2005B Bond may be redeemed pursuant to this Section unless provision for payment of all Outstanding Parity Bonds and all Outstanding Series 2000 Bonds has been made as provided in this Section. Notwithstanding any provision in the Indenture contained, no Series 2009B Bond may be redeemed pursuant to this Section unless provision for payment of all Outstanding Parity Bonds, all Outstanding Series 2000 Bonds, and all Outstanding Series 2005B Bonds has been made as provided in this Section; provided that this prohibition shall not apply to the mandatory redemption of any Series 2009B Bonds pursuant to Section 301.

Application of Proceeds of Series 2010A Bonds. From the proceeds of the sale of the Series 2010A Bonds, the Underwriter shall retain its underwriter's discount of \$305,147.98 and pay to AGM a premium in the amount of \$1,062,432.50 with respect to the issuance of the Series 2010 Bond Insurance Policy. The remainder of the proceeds of the Series 2010A Bonds shall be deposited with the Bond Trustee as follows:

1. the sum of \$20,673,112.35 shall be deposited to the Series 2010A Project Account in the Project Fund to pay the Costs of the Series 2010 Project,
2. the sum of \$222,063.84 shall be deposited to the Series 2010A Costs of Issuance Account in the Costs of Issuance Fund to pay the Costs of Issuance of the Series 2010A Bonds, and
3. the sum of \$2,473,639.63 shall be deposited to the Series 2010A Reserve Account in the Bond Reserve Fund.

Application of Proceeds of Series 2010B Bonds. From the proceeds of the sale of the Series 2010B Bonds, the Underwriter shall retain its underwriter's discount of \$100,814.32 and pay to AGM a premium in the amount of \$92,055.00 with respect to the issuance of the Series 2010 Bond Insurance Policy. The remainder of the proceeds of the Series 2010B Bonds shall be deposited with the Bond Trustee as follows:

1. the sum of \$7,395,040.73 shall be deposited to the Series 1993A Redemption Subaccount of the Series 1993A Bond Account in the Bond Fund to pay for the refunding of the Series 1993A Bonds,

2. the sum of \$77,936.16 shall be deposited to the Series 2010B Costs of Issuance Account in the Costs of Issuance Fund to pay the Costs of Issuance of the Series 2010B Bonds, and

3. the sum of \$851,760.69 shall be deposited to the Series 2010B Reserve Account in the Bond Reserve Fund.

Creation of Funds and Accounts with respect to the Series 2010 Bonds. In the Indenture, there are created and ordered to be established in the custody of the Bond Trustee:

1. within the Costs of Issuance Fund:
 - (i) Series 2010A Costs of Issuance Account.
 - (ii) Series 2010B Costs of Issuance Account.
2. within the Project Fund:
 - (i) Series 2010A Project Account.
3. within the Bond Reserve Fund:
 - (i) Series 2010A Reserve Account.
 - (ii) Series 2010B Reserve Account.
4. within the Bond Fund:
 - (i) Series 2010A Bond Account.
 - (ii) Series 2010B Bond Account.
5. within the Rebate Fund:
 - (i) Series 2010 Rebate Account.

Application of Funds - Series 2010 Bonds.

Series 2010A Bond Account. The Bond Trustee has deposited or shall deposit into the Series 2010A Bond Account (i) all accrued interest received in connection with the sale of the Series 2010A Bonds; (ii) all amounts to be deposited in the Bond Fund pursuant to Section 4.1 and Section 4.2 of the Lease Purchase Agreement corresponding to the payments of principal of, redemption premium, if any, and interest on the Series 2010A Bonds; (iii) all interest and other income derived from investments of funds on deposit in the Series 2010A Bond Account; (iv) the amounts to be deposited in the Series 2010A Bond Account pursuant to Section 403; and (v) all other moneys received by the Bond Trustee which the Bond Trustee is directed to deposit in the Series 2010A Bond Account.

Moneys on deposit in the Series 2010A Bond Account may be used to purchase Series 2010A Bonds in the open market prior to their Stated Maturity, provided all Series 2010A Bonds at the time Outstanding are called for redemption or so purchased and sufficient funds are available therefore. Moneys on deposit in the Series 2010A Bond Account shall be used to pay and retire the Series 2010A Bonds last becoming due unless such Series 2010A Bonds and all interest thereon are otherwise paid.

Series 2010A Costs of Issuance Account. The funds deposited in the Series 2010A Costs of Issuance Account as set forth in Section 403 of the Indenture shall be disbursed by the Bond Trustee to

pay the Costs of Issuance of the Series 2010A Bonds, upon receipt by the Bond Trustee of requisition certificates in substantially the form attached to the Indenture as **Exhibit L** signed by a City Representative. Upon the earlier of the Bond Trustee's receipt of a written request by the City or six (6) months after the date of the delivery of the Series 2010A Bonds, any amount remaining in the Series 2010A Costs of Issuance Account shall be transferred by the Bond Trustee to the Series 2010A Project Account, without further authorization.

In paying any requisition under this Section, the Bond Trustee may rely as to the completeness and accuracy of all statements in such requisition certificate and shall not be required to make any independent investigation in connection therewith and the execution of such requisition certificate by such City Representative shall be deemed an irrevocable determination that all conditions precedent to the payment of the amount designated in such requisition certificate from the Series 2010A Costs of Issuance Account have been satisfied.

Series 2010A Project Account. Subject to Section 505 of the Indenture, funds on deposit in the Series 2010A Project Account shall be used to pay a portion of the Costs of the Series 2010 Project upon receipt by the Bond Trustee of requisition certificates in substantially the form attached to the Indenture as **Exhibit L** signed by a City Representative. Following all such disbursements, any amounts remaining in the Series 2010A Project Account shall be either (i) subject to the approval of Bond Counsel, transferred to the City to be used to pay for any capital improvement projects of the City, or (ii) transferred to the Series 2010A Bond Account to be used to make payments on the Series 2010A Bonds, as may be directed by the City in a written request to the Bond Trustee.

In paying any requisition under this Section, the Bond Trustee may rely as to the completeness and accuracy of all statements in such requisition certificate and shall not be required to make any independent investigation in connection therewith, and the execution of such requisition certificate by such City Representative shall be deemed an irrevocable determination that all conditions precedent to the payment of the amount designated in such requisition certificate from the Series 2010A Project Account have been satisfied.

Series 2010 Rebate Account. There shall be deposited in the Series 2010 Rebate Account such amounts as are required to be deposited therein pursuant to the Series 2010 Tax Compliance Agreement. All amounts on deposit at any time in the Series 2010 Rebate Account shall be held by the Bond Trustee in trust to the extent required to pay rebatable arbitrage to the United States of America, and the Corporation, the City, and any owners of the Series 2010 Bonds shall have no rights in or claim to such money. All amounts held in the Series 2010 Rebate Account shall be governed by this Section and by the Series 2010 Tax Compliance Agreement.

Pursuant to the Series 2010 Tax Compliance Agreement, the Bond Trustee shall remit all required rebate installments and a final rebate payment to the United States. Neither the Bond Trustee nor the Corporation shall have any obligation to pay any amounts required to be rebated pursuant to this Section and the Series 2010 Tax Compliance Agreement other than from moneys held in the Series 2010 Rebate Account created under the Indenture or from other moneys provided by the City. Any moneys remaining in the Series 2010 Rebate Account after redemption and payment of all of the Series 2010 Bonds and payment and satisfaction of any rebatable arbitrage shall be paid to the City.

The obligation to pay arbitrage rebate to the United States and to comply with all other requirements of this Section and the Series 2010 Tax Compliance Agreement shall survive the defeasance or payment in full of the Series 2010 Bonds until all rebatable arbitrage shall have been paid.

Series 2010A Reserve Account. The Bond Trustee shall deposit into the Series 2010A Reserve Account (i) all amounts to be deposited in the Series 2010A Reserve Account pursuant to Section 403; (ii) all amounts to be deposited in the Series 2010A Reserve Account pursuant to Section 4.1 and Section 4.2 of the Lease Purchase Agreement derived from any funds of the City other than Hotel Tax Revenues; (iii) all interest and other income derived from investments of funds on deposit in the Series 2010A Reserve Account; and (iv) all other moneys received by the Bond Trustee which the Bond Trustee is directed by the City or the Corporation to deposit in the Series 2010A Reserve Account. Funds on deposit in the Series 2010A Reserve Account shall be applied pursuant to Section 506 of the Indenture.

Series 2010B Bond Account. The Bond Trustee has deposited or shall deposit into the Series 2010B Bond Account (i) all accrued interest received in connection with the sale of the Series 2010B Bonds; (ii) all amounts to be deposited in the Bond Fund pursuant to Section 4.1 and Section 4.2 of the Lease Purchase Agreement corresponding to the payments of principal of, redemption premium, if any, and interest on the Series 2010B Bonds; (iii) all interest and other income derived from investments of funds on deposit in the Series 2010B Bond Account; (iv) the amounts to be deposited in the Series 2010B Bond Account pursuant to Section 403; and (v) all other moneys received by the Bond Trustee which the Bond Trustee is directed to deposit in the Series 2010B Bond Account.

Moneys on deposit in the Series 2010B Bond Account may be used to purchase Series 2010B Bonds in the open market prior to their Stated Maturity, provided all Series 2010B Bonds at the time Outstanding are called for redemption or so purchased and sufficient funds are available therefore. Moneys on deposit in the Series 2010B Bond Account shall be used to pay and retire the Series 2010B Bonds last becoming due unless such Series 2010B Bonds and all interest thereon are otherwise paid.

Series 2010B Costs of Issuance Account. The funds deposited in the Series 2010B Costs of Issuance Account as set forth in Section 403 of the Indenture shall be disbursed by the Bond Trustee to pay the Costs of Issuance of the Series 2010B Bonds, upon receipt by the Bond Trustee of requisition certificates in substantially the form attached to the Indenture as **Exhibit L** signed by a City Representative. Upon the earlier of the Bond Trustee's receipt of a written request by the City or six (6) months after the date of the delivery of the Series 2010B Bonds, any amount remaining in the Series 2010B Costs of Issuance Account shall be transferred by the Bond Trustee to the Series 2010A Project Account, without further authorization.

In paying any requisition under this Section, the Bond Trustee may rely as to the completeness and accuracy of all statements in such requisition certificate and shall not be required to make any independent investigation in connection therewith and the execution of such requisition certificate by such City Representative shall be deemed an irrevocable determination that all conditions precedent to the payment of the amount designated in such requisition certificate from the Series 2010B Costs of Issuance Account have been satisfied.

Series 2010B Reserve Account. The Bond Trustee shall deposit into the Series 2010B Reserve Account (i) all amounts to be deposited in the Series 2010B Reserve Account pursuant to Section 403; (ii) all amounts to be deposited in the Series 2010B Reserve Account pursuant to Section 4.1 and Section 4.2 of the Lease Purchase Agreement derived from any funds of the City other than Hotel Tax Revenues; (iii) all interest and other income derived from investments of funds on deposit in the Series 2010B Reserve Account; and (iv) all other moneys received by the Bond Trustee which the Bond Trustee is directed by the City or the Corporation to deposit in the Series 2010B Reserve Account. Funds on deposit in the Series 2010B Reserve Account shall be applied pursuant to Section 506 of the Indenture.

Disbursements from the Project Fund. Moneys in the Project Fund shall be expended in accordance with one or more Supplemental Indentures authorizing such Series of Bonds, and the Trustee

shall disburse such moneys in accordance with such provisions. Notwithstanding the foregoing, upon the occurrence and continuance of any Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in any account of the Project Fund shall not be disbursed, but shall instead be applied to the payment of debt service or redemption price of the applicable Series of Bonds in accordance with Article IX of the Indenture.

Disbursements from the Bond Reserve Fund. Funds on deposit in the Bond Reserve Fund shall be used and applied by the Trustee solely, first, 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, and second, if there shall be in effect a Credit Facility, to reimburse the Credit Facility Provider for payments made pursuant to such Credit Facility as required therein. The Trustee may disburse and expend moneys from the Bond Reserve Fund for such purpose whether or not the amount in the Bond Reserve Fund at that time equals the Bond Reserve Fund Requirement. Moneys on deposit in the Bond 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 Bond 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 Bond Reserve Fund shall aggregate an amount equal to or greater than the Bond Reserve Fund Requirement, no further deposits to said Bond Reserve Fund shall be required. If, however, the Trustee is ever required to withdraw funds from the Bond Reserve Fund to prevent a default as in the Indenture provided and the withdrawal of such funds reduces the amount on deposit in the Bond Reserve Fund to less than the Bond Reserve Fund Requirement, the City shall in accordance with Section 4.2 of the Lease Purchase Agreement, make up such deficiency by making monthly payments of Additional Rent, commencing on the 15th day of the calendar month following the date of such withdrawal and continuing on the 15th 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 Bond Reserve Fund again aggregates a sum equal to the Bond Reserve Fund Requirement.

Permitted Investments in the Bond Reserve Fund shall be evaluated by the Trustee quarterly at the market value thereof, exclusive of accrued interest, 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 Bond Reserve Fund shall aggregate an amount less than the Bond Reserve Fund Requirement (by reason of such evaluation and not by reason of any withdrawal) the City shall make up such deficiency as Additional Rental no later than the next evaluation date.

In the event that the amount on deposit in the Bond Reserve Fund is less than the Bond Reserve Fund Requirement, investment earnings on funds on deposit in the Bond Reserve Fund shall remain on deposit in the Bond Reserve Fund. At such time as the sum on deposit in the Bond Reserve Fund shall aggregate an amount equal to or greater than the Bond Reserve Fund Requirement, investment earnings on funds on deposit in the Bond Reserve Fund shall be deposited into the Bond Fund.

After payment in full of the principal of, premium, if any, and interest on the Bonds (or provision has been made for the payment thereof as specified in the Indenture), and the fees, charges, and expenses of the Trustee and any Paying Agent and any other amounts required to be paid under the Indenture, the Lease Purchase Agreement, and the Credit Facility, if any, all amounts remaining in the Bond Reserve Fund shall be paid to the City.

Payments Due on Saturdays, Sundays, and Holidays. In any case where the Maturity of principal of or Accreted Value, or redemption premium, if any, or interest on, any Bonds or the days fixed

for redemption of any Bonds shall be a Saturday, a Sunday, a legal holiday, a day on which banking institutions in the States of Missouri or New York are authorized by law to close or a day on which the New York Stock Exchange is closed, then payment of principal, redemption premium, if any, or interest need not be made on such date but may be made on the next succeeding day not a Saturday, a Sunday, a legal holiday, a day upon which such banking institutions are authorized by law to close or a day on which the New York Stock Exchange is closed with the same force and effect as if made on the date of Maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Nonpresentment of Bonds. In the event any Bond shall not be presented for payment when the principal therein becomes due, either at its Maturity or otherwise, or at the Redemption Date thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the Issuer to the Bondholder thereof for the payment of such Bond shall forthwith cease, determine, and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the Holder of such Bond who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his part under the Indenture or on, or with respect to, said Bond. If any Bond shall not be presented for payment within five years following the date when such Bond becomes due, whether by Maturity or otherwise, the Trustee shall repay to the City the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the Bondholder thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Consent of Credit Facility Provider. As long as any Credit Facility shall be in effect and the applicable Credit Facility Provider shall be in compliance with any payment obligations thereunder, any provision of the Indenture expressly recognizing or granting rights in or to such Credit Facility Provider may not be amended in any manner which affects the rights of such Credit Facility Provider under the Indenture without the prior written consent of such Credit Facility Provider.

No contract shall be entered into or any action taken by which the rights of any Credit Facility Provider or security for or sources of payment of the Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of each Credit Facility Provider affected thereby.

Consent of Credit Facility Provider and Bondholders. Unless otherwise provided in this Article, as long as any Credit Facility shall be in effect and the applicable Credit Facility Provider shall be in compliance with any payment obligations thereunder, (i) the consent of Ambac shall be required (in addition to Bondholder consent, when required) for the execution and delivery of any Supplemental Indenture or any amendment, supplement, or change to or modification of the Lease Purchase Agreement or the Deed of Trust; (ii) the consent of the Credit Facility Providers shall be required for the removal of the Bond Trustee or Paying Agent and selection and appointment of any successor trustee or paying agent; and (iii) the consent of the Credit Facility Providers shall be required for the initiation or approval of any action not described in clauses (i) or (ii) above which requires Bondholder consent. In addition, any reorganization or liquidation plan with respect to the Corporation, the Authority, or the City must be acceptable to such Credit Facility Provider, and in the event of any reorganization or liquidation, such Credit Facility Provider shall have the right to vote on behalf of all Bondholders who hold Bonds insured by the Credit Facility Provider absent any default by such Credit Facility Provider under the applicable Credit Facility.

Consent of Credit Facility Provider Upon Default. Anything in the Indenture to the contrary notwithstanding, as long as any Credit Facility shall be in effect and the applicable Credit Facility

Provider shall be in compliance with any payment obligation thereunder, upon the occurrence and continuance of an Event of Default under the Indenture, such Credit Facility Provider shall be entitled to control and direct the enforcement of all rights and remedies granted to the Bondholders or the Bond Trustee for the benefit of the Bondholders under the Indenture, including, without limitation: (i) the right to accelerate the principal of the Bonds as provided in the Indenture, (ii) the right to annul any declaration of acceleration, and (iii) the right to approve all waivers of Events of Default.

Acceleration Rights. Upon the occurrence of an Event of Default and as long as any Credit Facility shall be in effect and the applicable Credit Facility Provider shall be in compliance with any payment obligation thereunder, the Bond Trustee may, with the prior written consent of such Credit Facility Provider, and shall, at the direction of such Credit Facility Provider or no less than 25% of the Bondholders with the consent of such Credit Facility Provider, by written notice to the Issuers and such Credit Facility Provider, declare the principal of the Bonds to be immediately due and payable, whereupon the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in the Indenture or in such Bonds to the contrary notwithstanding.

In the event the principal and/or Accreted Value of the Bonds is accelerated, the Credit Facility Provider may elect, in its sole discretion, to pay the accelerated principal and/or Accreted Value, and interest accrued thereon, to the date of such acceleration (to the extent unpaid by the Issuer) and the Trustee shall accept such amounts. Upon payment of such accelerated principal and/or Accreted Value, and interest accrued thereon, to the acceleration date as provided above, the Credit Facility Provider's obligation under the Credit Facility with respect to such Bonds shall be fully discharged.

Provisions Relating to the Bond Trustee. The Bond Trustee (or Paying Agent) may be removed at any time by the Corporation at the direction of the City and with the consent of each Credit Facility Provider as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder, and may be removed at the request of such Credit Facility Providers for any breach of the trust set forth in the Indenture. Notwithstanding any provision in the Indenture to the contrary, upon any removal or resignation of the Bond Trustee pursuant to Section 1007 or Section 1006, a successor Bond Trustee (or Paying Agent) shall be appointed by the Corporation, at the direction of and with the consent of the City and the Credit Facility Providers, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder.

Any entity into which the Bond Trustee may be merged or converted or with which it may be consolidated or any entity resulting from any merger, conversion, or consolidation to which it shall be a party or any entity to which the Bond Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under subsection (e) of this Section, shall be the successor to such Bond Trustee, without the execution or filing of any paper or any further act, anything in the Indenture to the contrary notwithstanding. Every successor Bond Trustee appointed pursuant to this Section shall be a trust company or bank in good standing located in or incorporated under the laws of the State of Missouri, duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$75,000,000 and acceptable to the Credit Facility Providers, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder. Any successor Paying Agent, if applicable, shall not be appointed unless such Credit Facility Providers approve such successor in writing.

Notwithstanding any other provision of the Indenture, in determining whether the rights of the Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of the Indenture, the Bond Trustee (or Paying Agent) shall consider the effect on the Bondholders as if there were no Ambac Bond Insurance Policy or other Credit Facility.

Notwithstanding any other provision of the Indenture, no removal, resignation, or termination of the Bond Trustee (or Paying Agent) shall take effect until a successor, acceptable to the Credit Facility Providers, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder, shall be appointed.

Control Rights of Assured Guaranty and AGM.

Assured Guaranty shall be deemed to be the Holder of all of the Series 2008 Bonds and the Series 2009 Bonds for purposes of (a) exercising all remedies and directing the Trustee to take actions or for any other purposes following an Event of Default, and (b) granting any consent, direction, or approval or taking any action permitted by or required under the Indenture, to be granted or taken by the Holders of the Series 2008 Bonds or the Series 2009 Bonds. Upon the occurrence and continuance of an Event of Default, Assured Guaranty shall be entitled (a) to control and direct the enforcement of all rights and remedies granted to the Holders of the Series 2008 Bonds, the Holders of the Series 2009 Bonds, or the Trustee for the benefit of the Holders of such Bonds under the Indenture, including, without limitation, (i) the right to accelerate the principal of such Bonds as described in the Indenture, including as provided in Section 604 in the Indenture, and (ii) the right to annul any declaration of acceleration, and (b) to approve all waivers of Events of Default.

AGM shall be deemed to be the Holder of all of the Series 2010 Bonds for purposes of (a) exercising all remedies and directing the Trustee to take actions or for any other purposes following an Event of Default, and (b) granting any consent, direction, or approval or taking any action permitted by or required under the Indenture, to be granted or taken by the Holders of the Series 2010 Bonds. Upon the occurrence and continuance of an Event of Default, AGM shall be entitled (a) to control and direct the enforcement of all rights and remedies granted to the Holders of the Series 2010 Bonds or the Trustee for the benefit of the Holders of such Bonds under the Indenture, including, without limitation, (i) the right to accelerate the principal of such Bonds as described in the Indenture, including as provided in Section 604 in the Indenture, and (ii) the right to annul any declaration of acceleration, and (b) to approve all waivers of Events of Default.

Reimbursement of Credit Facility Providers. The Corporation shall pay or reimburse any Credit Facility Provider any and all charges, fees, costs, and expenses that such Credit Facility Provider may reasonably pay or incur in connection with (i) the administration, enforcement, defense, or preservation of any rights or security in the Indenture, the Lease Purchase Agreement, or the Deed of Trust; (ii) the pursuit of any remedies under the Indenture, the Lease Purchase Agreement, or the Deed of Trust, or otherwise afforded by law or equity, (iii) any amendment, waiver, or other action with respect to, or related to the Indenture, the Lease Purchase Agreement, or the Deed of Trust whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture, the Lease Purchase Agreement, or the Deed of Trust or the transactions contemplated thereby, other than costs resulting from the failure of such Credit Facility Provider to honor its obligations under any Credit Facility. The Credit Facility Providers shall be entitled to charge a reasonable fee as a condition to executing any amendment, waiver, or consent proposed in respect of the Indenture, the Lease Purchase Agreement, or the Deed of Trust.

Moneys to be Held in Trust. Except as otherwise specifically provided in the Indenture, all moneys deposited with or paid to the Trustee pursuant to the provisions of the Indenture, and all moneys

deposited with or paid to any Paying Agent under the Indenture, shall be held by the Trustee or Paying Agent in trust and shall be applied only in accordance with the Indenture and any applicable Supplemental Indenture and the Lease Purchase Agreement, and, until used or applied as in the Indenture provided, shall constitute part of the Trust Estate and be subject to the lien of the Indenture. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received under the Indenture except such as may be agreed upon.

Investment of Moneys. Moneys held in the Project Fund, the Costs of Issuance Fund, the Bond Fund, and the Bond Reserve Fund, if any, or any account or subaccount created therein by the Indenture shall, pursuant to written direction signed by the City Treasurer or his designee and in accordance with the Tax Agreements, as applicable, 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 provided, however, that, amounts in the Bond Fund shall be invested in direct noncallable obligations of the United States of America or non-callable obligations the timely payment of the principal of and interest in which is fully and unconditionally guaranteed by the United States of America, provided, that the full faith and credit of the United States of America must be pledged to such direct obligations or guarantee. Any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund or account in which such moneys are originally held, and the interest accruing thereon and any profit realized from such Permitted Investments shall be credited to such fund or account or as otherwise provided by a Supplemental Indenture, and any loss resulting from such Permitted Investments shall be charged to such fund or account. The Trustee shall sell and reduce to cash a sufficient amount of such Permitted Investments whenever the cash balance in such fund or account is insufficient for the purposes of such fund or account and the Trustee shall transfer excess monies in the Bond Reserve Fund to the Bond Fund after each quarterly valuation. The Trustee may make any and all investments permitted by this Section through its own bond department or short-term investment department at the direction of the City Representative.

Events of Default. If any one or more of the following events occur, it is by the Indenture defined as and declared to be and to constitute an “Event of Default”: (a) Default by the Issuer in the due and punctual payment of any interest on any Bond; or (b) Default by the Issuer 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; or (c) Default in the performance or observance of any other of the covenants, agreements, or conditions on the part of the Issuer 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 by the Indenture secured, and the continuance thereof for a period of 60 days after written notice given to the Issuer, any Credit Facility Provider, and the City by the Trustee or to the Issuer, the City, and the Trustee by any Credit Facility Provider (so long as such Credit Facility Provider is not in default in its payment obligations under the applicable Credit Facility), or to the Trustee, the City, such Credit Facility Provider, and the Issuer by the Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding; provided, however, if the failure stated in the notice cannot be corrected within said 60-day period, the Trustee may, with the prior written consent of such Credit Facility Provider, and shall at the prior written direction of such Credit Facility Provider, consent in writing to an extension of such time prior to its expiration. Upon receipt of notice of any Event of Default under this subsection the City shall have the rights specified in Section 914(b) of the Indenture; or (d) An Event of Default under Section 12.1 of the Lease Purchase Agreement; or (e) An Event of Default under Article III of the Deed of Trust; or (f) The filing by the City or the Issuer of a voluntary petition in bankruptcy, or failure by the City or the Issuer to promptly lift any execution, garnishment, or attachment of such consequence as would impair the ability of the City or the Issuer to carry on its operations, or adjudication of the City as a bankrupt, or assignment by the City or the Issuer for the benefit of creditors, or the entry by the City or Issuer into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City or the Issuer in any proceedings

instituted under the provisions of the Federal Bankruptcy Law, or under any similar acts which may hereafter be enacted.

The Trustee shall give notice of any Event of Default to the Issuer, the City, and any Credit Facility Provider within thirty (30) days of the Trustee's knowledge thereof (provided immediate notice shall be given to any Credit Facility Provider for a payment default) or to the Trustee, the City, the Credit Facility Provider, and the Issuer by the Registered Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding, and the City, upon receipt of such notice, shall have the rights specified in Section 914 of the Indenture.

Acceleration of Maturity in Event of Default. Subject to Section 915 of the Indenture, 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 25% in aggregate principal amount of Bonds then Outstanding, shall, by notice in writing delivered to the Issuer and the City, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable and the Trustee shall immediately demand payment pursuant to the applicable Credit Facility, if any, in an amount equal to the principal of and accrued interest (or Accreted Value of any Compound Interest Bonds) on the Bonds on the payment date established by the Trustee for acceleration. If the payment of the Bonds is accelerated under this Section, each Bond shall be payable in the principal amount thereof and accrued interest thereon (or Accreted Value if there shall be issued Compound Interest Bonds).

Foreclosure under Deed of Trust in Event of Default. Subject to Section 915 of the Indenture, if an Event of Default shall have occurred and if the Maturity of the Bonds shall have been accelerated pursuant to Section 902 of the Indenture, (1) the Credit Facility Provider may, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder, or (2) the Trustee (a) may, with the prior written consent of such Credit Facility Provider, and (b) shall, upon the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding, direct the mortgage trustee named in the Deed of Trust to foreclose the lien on the Convention Center Property created and vested by the Deed of Trust either by sale at public auction or by proceedings in equity, and the Trustee, such Credit Facility Provider, or the Holder or Holders of any of the Bonds then Outstanding may become the purchaser at any foreclosure sale of the highest bidder. The Trustee shall receive the proceeds of any sale and shall pay the same in accordance with the provisions of Section 909 of the Indenture.

In the event of a foreclosure by public sale, the Trustee shall or shall cause the mortgage trustee named in the Deed of Trust to execute and deliver a deed or deeds of conveyance of the Convention Center Property to the purchaser or purchasers thereof, and any statement or recital of fact in such deed in relation to the nonpayment of the Bonds, default, existence of the Bonds, notice of advertisement, sale, receipt of money, and the happening of any event whereby a successor trustee may be appointed as in the Indenture provided, shall be prima facie evidence of the truth of such statement or recital. The Trustee shall receive the proceeds of sale and pay the same in accordance with the provisions of Section 909 of the Indenture.

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 Issuer, 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 Issuer pertaining thereto, and including the rights and the position of the Issuer under the Lease Purchase Agreement and to collect, receive, and sequester the Rentals and other revenues, moneys, and receipts derived under the Lease Purchase Agreement, and out of the same and any moneys received

from any receiver of any part thereof pay, and set up proper reserves for the payment of all proper costs and expenses of so taking, holding, and managing the same, including (i) reasonable compensation to the Trustee, its agents and counsel and (ii) any charges of the Trustee under the Indenture, and the Trustee shall apply the remainder of the moneys so received in accordance with Section 909. The collection of such Rentals, revenues, and other receipts, or the application thereof as aforesaid, shall not cure or waive any default or notice of default under the Indenture or invalidate any act done in response to such default or pursuant to notice of default. Whenever all that is due upon the Bonds shall have been paid and all defaults cured, the Trustee shall surrender possession of the Trust Estate to the Issuer, its successors or assigns, the same rights, however, to exist upon any subsequent Event of Default.

The City shall give notice to the Issuer with a copy to the Trustee as early as practicable and in any case no later than three (3) Business Days following the date on which the budget for any Fiscal Year is finally approved by the Board of Alderman of the City of either (i) the termination of the Lease Purchase Agreement or (ii) that sufficient funds have been budgeted and appropriated to make all payments of Rentals for such Fiscal Year. Notice that sufficient funds have been appropriated for such Fiscal Year shall be accompanied by evidence satisfactory to the Issuer 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 for such Fiscal Year by the terms of the Lease Purchase Agreement. If the Trustee does not receive such notice prior to June 30 (or such future date as the City may adopt as the end of its Fiscal Year) of such Fiscal Year, the Trustee shall make independent inquiry of the fact of whether or not such appropriation has been made. If notice of termination has been duly given, all of the City's right, title, interest, and obligations under the Lease Purchase Agreement shall terminate without penalty on the day of receipt by the Trustee of such notice. Subject to Section 11.4 of the Lease Purchase Agreement, failure of the City to budget and appropriate prior to June 30 (or such future date as the City may adopt as the end of its Fiscal Year) of any Fiscal Year funds in the minimum amount equal to the Rentals and a reasonable estimate of Additional Rentals for the next succeeding Fiscal Year, shall constitute an Event of Nonappropriation.

Upon the occurrence and continuance of any Event of Non-Appropriation, the Trustee may, subject to the prior written consent of the Credit Facility Provider, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder, or shall, at the prior written direction of such Credit Facility Provider, give notice to the City to vacate the Convention Center Property immediately (but in no event earlier than the expiration of the then current Fiscal Year for which the City has appropriated monies sufficient to pay all Rentals and Additional Rentals due for such Fiscal Year) and shall, without any further demand or notice, (i) terminate the Lease Purchase Agreement, re-enter the Convention Center Property and eject all parties in possession thereof therefrom, and sublease the Convention Center Property or (ii) take any action at law or in equity deemed necessary or desirable to enforce its rights with respect to the Convention Center Property and the Convention Center Equipment.

Appointment of Receivers in Event of Default. If an Event of Default shall have occurred and be continuing, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee or of the Bondholders under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the earnings, income, products, and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Exercise of Remedies by the Trustee. Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in 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 Issuer as in the Indenture set forth or to

enforce or realize upon any of the rights, powers, liens, or interests granted by the Indenture to the Trustee. Upon the occurrence of an Event of Default, the Trustee may exercise any of the rights and remedies of a secured party under the Missouri Uniform Commercial Code or other applicable laws and require the Issuer to assemble any collateral covered by the Indenture and make it available to the Trustee at a place to be designated by the Trustee which is reasonably convenient to such parties.

Exercise of Rights and Powers. Subject to Section 915 of the Indenture, 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 of Section 1001(l) the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders. All rights of action under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Bondholder, and any recovery or judgment shall, subject to Section 909, be for the equal benefit of all the Registered Owners of the Outstanding Bonds.

Limitation on Exercise of Remedies by Bondholders. No Bondholder shall have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust under the Indenture or for the appointment of a receiver or any other remedy under the Indenture unless (and further subject to Section 915 of the Indenture): (a) a default has occurred of which the Trustee has been notified as provided in Section 1001(h) or of which by said subsection the Trustee is deemed to have notice; (b) such default shall have become an Event of Default; (c) the Holders of 25% in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee, shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit, or proceeding in its own name, and shall have provided to the Trustee indemnity as provided in Section 1001(l); and (d) the Trustee shall thereafter fail or refuse to exercise the powers in the Indenture granted or to institute such action, suit, or proceeding in its own name; and such notification, request, and provision of indemnity are by the Indenture declared in every case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy under the Indenture, it being understood and intended that no one or more Bondholders shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his, or their action or to enforce any right under the Indenture except in the manner in the Indenture provided, and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner in the Indenture provided and for the equal benefit of the Registered Owners of all Bonds then Outstanding.

Nothing in the Indenture contained shall, however, affect or impair the right of any Bondholder to payment of the principal of, and redemption premium, if any, and interest on any Bond at and after its Maturity or the obligation of the Issuer to pay the principal of, and redemption 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 in the Indenture and in such Bond expressed.

Application of Moneys in Event of Default. Upon an Event of Default, all moneys received by the Trustee pursuant to the Lease Purchase Agreement or pursuant to any right given or action taken under this Article or any other provisions of the Indenture or pursuant to the Deed of Trust, shall, after payment of the (i) cost and expenses of the proceedings resulting in the collection of such moneys and (ii) of the expenses, liabilities, and advances incurred or made by the Trustee, be deposited in the Bond Fund

and any other bond fund created for the payment of Bonds and all moneys so deposited in the Bond Fund or such other bond fund shall be applied as follows:

(a) If the principal of all the Bonds shall not have become due or shall not have been declared due and payable, all such moneys shall be applied:

First -- To the payment to the persons entitled thereto of all installments of interest then due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

Second -- To the payment to the persons entitled thereto of the unpaid principal of and redemption premium, if any, on any of the Bonds which shall have become due and payable (other than Bonds called for redemption for the payment of which moneys are held pursuant to the Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they became due and payable, and, if the amount available shall not be sufficient to pay in full all Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and redemption premium, if any, due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied:

First -- To the payment to the persons entitled thereto of all installments of interest then due and payable on the Bonds, in the order in which such installments of interest became due and payable and, if the amount available shall not be sufficient to pay such amounts in full, then to the payment ratably, according to the amounts due, to the persons entitled thereto, without any discrimination or privilege; and

Second -- To the payment to the persons entitled thereto of unpaid principal of and redemption premium, if any, then due and unpaid on all of the Bonds, without preference or priority of principal or premium of any Bond over principal or premium of any other Bond, ratably, according to the amounts due respectively for principal and redemption premium, if any, to the persons entitled thereto, without any discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under this Article then, subject to subsection (b) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with subsection (a) of this Section.

(d) If there shall be in effect a Credit Facility, to the Credit Facility Provider any amounts due and owing thereunder.

Whenever moneys are to be applied pursuant to this Section, such moneys shall be applied at such times and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available and which may become available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date upon which such application is to be made and upon

such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Notwithstanding any provision in the Indenture contained, no Series 2000 Bond may be redeemed pursuant to this Section unless provision for payment of all Outstanding Parity Bonds has been made as provided in this Section. Notwithstanding any provision in the Indenture contained, no Series 2005B Bond may be redeemed pursuant to this Section unless provision for payment of all Outstanding Parity Bonds and all Outstanding Series 2000 Bonds has been made as provided in this Section. Notwithstanding any provision in the Indenture contained, no Series 2009B Bond may be redeemed pursuant to this Section unless provision for payment of all Outstanding Parity Bonds, all Outstanding Series 2000 Bonds, and all Outstanding Series 2005B Bonds has been made as provided in this Section.

Remedies Cumulative. No remedy conferred by the Indenture upon or reserved to the Trustee, to any Credit Facility Provider, or to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee, to such Credit Facility Provider, or to the Bondholders under the Indenture or now or hereafter existing at law or in equity or by statute.

Delay or Omission Not Waiver. No delay or omission to exercise any right, power, or remedy accruing upon any Event of Default shall impair any such right, power, or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every such right, power, or remedy may be exercised from time to time and as often as may be deemed expedient.

Opportunity of City to Purchase Corporation's Interest in Event of Default and to Cure Defaults. Upon receipt of notice by the City of an Event of Default pursuant to Section 901(a) or Section 901(b) of the Indenture, the Corporation has, by Section 10.1(b) of the Lease Purchase Agreement, granted the City an option to purchase the Corporation's interest in the Convention Center Property under the Lease Purchase Agreement.

Upon receipt of notice by the City of an Event of Default pursuant to Section 901(c) of the Indenture, the Corporation by the Indenture grants the City full authority for account of the Corporation to perform any covenant, agreement, or obligation, the nonperformance of which is alleged in said notice to constitute a default, in the name and stead of the Corporation, with full power to do any and all things and acts to the same extent that the Corporation could do and perform any such things and acts in order to remedy such default.

Rights of Credit Facility Provider. Notwithstanding anything to the contrary in the Indenture, if there shall be in effect a Credit Facility, no event, except for an event described in Section 901(a) or Section 901(b) of the Indenture shall constitute an Event of Default under the Indenture until such event is used by the Credit Facility Provider as the basis for the declaration of an Event of Default under the applicable Credit Facility and, if the Credit Facility is a Letter of Credit, delivery of a Bank Notice to the Trustee occurs. In addition, the Trustee shall exercise its remedies and its right to give waivers and rescind acts provided for in the Indenture solely at the direction of the Credit Facility Provider, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder, and not at the direction of the Bondholders, only if and as directed in writing by such Credit Facility Provider; and provided, further, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture, and provided, further, that the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that such direction would materially prejudice the

rights of the Bondholders. Notwithstanding anything to the contrary in the Indenture, any Credit Facility Provider shall only be entitled to its rights under the Indenture and the Lease Purchase Agreement, including without limitation its rights of consent, so long as such Credit Facility Provider has not failed to satisfy its obligations under the applicable Credit Facility. References in the Indenture to the Credit Facility Provider shall have no application when no Credit Facility is in effect.

Notice to Bondholders if Default Occurs. If a default occurs of which the Trustee is by Section 1001(h) of the Indenture required to take notice or if notice of default be given as in said Section 1001(h) provided, then the Trustee shall give written notice thereof by first class mail, postage prepaid, to (a) the Holders of all Bonds then Outstanding at their respective addresses appearing on the Bond Register and (b) within 30 days of the Trustee's knowledge thereof, to any Credit Facility Provider.

Intervention by the Trustee. In any judicial proceeding to which the Issuer is a party and which, in the opinion of the Trustee and its Counsel, has a substantial bearing on the interests of the Bondholders, the Trustee may intervene on behalf of Bondholders and shall do so if requested in writing by any Credit Facility Provider, as long as any Credit Facility shall be in effect and such Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder, or the Registered Owners of at least 25% of the aggregate principal amount of Bonds then Outstanding, provided that the Trustee shall first have been provided such reasonable indemnity as it may require against the costs, expenses, and liabilities which it may incur in or by reason of such proceeding.

Supplemental Indentures Not Requiring Consent of Bondholders. Subject to Section 1103, the Corporation, the Authority, and the Trustee may from time to time, with the approval of the City and Ambac (as long as any Ambac Bond Insurance Policy or Ambac Surety Bond shall be in effect and Ambac shall be in compliance with any payment obligation thereunder) without the consent of or notice to any of the Bondholders, enter into such Supplemental Indenture or Supplemental Indentures as shall not adversely affect the interests of the Bondholders, for any one or more of the following purposes: (a) To cure any ambiguity or formal defect or omission in the Indenture or to correct or supplement any provision in the Indenture which may be inconsistent with any other provision in the Indenture; (b) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or either of them; (c) To more precisely identify the Convention Center Property or to substitute or add property thereto or release property therefrom; (d) To subject to the Indenture additional revenues, properties, or collateral; (e) To issue the initial Series of Bonds; (f) To issue Additional Bonds provided in Section 209; (g) To make any other change, which in the sole determination of the Bond Trustee, does not materially adversely affect the Bondholders, including, without limitation, to facilitate the use of any Alternate Security, including any insurance policy, letter of credit, or surety bond; in making such determination the Trustee may rely on the opinion of such Counsel as it may select; and (h) To evidence the appointment of a separate trustee or a co-trustee or the succession of a new Trustee.

Supplemental Indentures Requiring Consent of Bondholders. Exclusive of Supplemental Indentures covered by Section 1101 and subject to Section 1103, the Holders of not less than a majority in aggregate principal amount of Bonds at the time Outstanding, the City, and any Credit Facility Provider (so long as there shall be in effect a Credit Facility and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder) shall have the right, from time to time, to consent to and approve the execution by the Corporation, the Authority, and the Trustee of such other Supplemental Indenture or Supplemental Indentures as shall be deemed necessary and desirable by the Corporation, the Authority, and the City for the purpose of modifying, amending, adding to, or rescinding any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided that the consent of all the Holders of Bonds then Outstanding and the Credit Facility Provider, if there shall be in effect a Credit Facility, shall be required for (a) an extension of the Maturity

of the principal of or the interest on any Bond, or (b) a reduction in the principal amount of any Bond or the rate of interest thereon, or (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the aggregate principal amount of Bonds the Holders of which are required to consent to any such Supplemental Indenture.

If at any time the Issuer shall request, with the consent of the City, the Trustee, and any Credit Facility Provider, if there shall be in effect a Credit Facility, to enter into any such Supplemental Indenture for any of the purposes of this Section, the Trustee shall cause notice of the proposed execution of such Supplemental Indenture to be mailed to each Bondholder at his or her address as shown by the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Bondholders. If within 60 days or such longer period as shall be prescribed by the Issuer following the mailing of such notice, the Holders of not less than the requisite aggregate principal amount of the Bonds and Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as in the Indenture provided, no Holder of any Bond shall have any right to object to any of the terms and provisions contained therein, of the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee of the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

City's Consent to Supplemental Indentures. Any Supplemental Indenture that affects any rights or obligations of the City shall not become effective unless and until the City shall have consented in writing to the execution and delivery of such Supplemental Indenture, provided that receipt by the Trustee of a Supplemental Lease Purchase Agreement executed by the City in connection with the issuance of Additional Bonds under Section 209 shall be deemed to be the consent of the City to the execution of a Supplemental Indenture pursuant to Section 209. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such Supplemental Indenture (other than a Supplemental Indenture proposed to be executed and delivered pursuant to Section 209) together with a copy of the proposed Supplemental Indenture to be mailed to the City at least 90 days prior to the proposed date of execution and delivery of any such Supplemental Indenture. Notwithstanding the provisions of the immediately preceding sentence, the City's right to consent to a Supplemental Indenture shall terminate for so long as an Event of Default has occurred and is continuing under Section 12.1 of the Lease Purchase Agreement.

Supplemental Lease Purchase Agreements Not Requiring Consent of Bondholders. The Issuer and the Trustee shall, without the consent of or notice to the Bondholders but with the prior written consent of Ambac (as long as any Ambac Bond Insurance Policy or Ambac Surety Bond shall be in effect and Ambac shall be in compliance with any payment obligation thereunder), consent to the execution of any Supplemental Lease Purchase Agreement, as may be required (i) by the Lease Purchase Agreement or the Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission, (iii) in connection with the issuance of Additional Bonds, or (iv) in connection with any other change therein which, in the sole determination of the Bond Trustee, does not materially adversely affect the interests of the Bond Trustee or the Bondholders, including, without limitation, to facilitate the use of any Alternate Security, including any insurance policy, letter of credit, or surety bond; in making such determination the Bond Trustee may rely on the opinion of such Counsel as it may select.

Supplemental Lease Purchase Agreements Requiring Consent of Bondholders. Except for Supplemental Lease Purchase Agreements as provided for in Section 1201, neither the Issuer nor the Trustee shall consent to the execution of any Supplemental Lease Purchase Agreement without the mailing of notice and the obtaining of the written approval or consent of (i) the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding and (ii) any Credit Facility

Provider (so long as there shall be in effect a Credit Facility and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder), given and obtained as provided in Section 1201 provided that the consent of all the Holders of Bonds and such Credit Facility Provider shall be required for (a) the creation of any lien ranking superior to or on a parity with the lien of the Indenture, unless otherwise permitted, or (b) a reduction in the aggregate principal amount of Bonds the Holders of which are required to consent to any Supplemental Lease Purchase Agreement. If at any time the Issuer and the City shall request the consent of the Trustee to any such proposed Supplemental Lease Purchase Agreement, the Trustee shall cause notice of such proposed Supplemental Lease Purchase Agreement to be mailed in the same manner as provided by Section 1102 with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of such proposed Supplemental Purchase Agreement or Supplemental Lease Purchase Agreement and shall state that copies of the same are on file at the principal corporate trust office of the Trustee for inspection by all Bondholders.

Satisfaction and Discharge of Indenture. When all Bonds are deemed to be paid as provided in Section 1302, and provision shall also be made for paying all other sums payable under the Indenture, including the fees and expenses of the Trustee and the Paying Agent and any amounts due and owing to any Credit Facility Provider under the applicable Credit Facility, and such Credit Facility shall have been returned to such Credit Facility Provider for cancellation in its entirety, if required by the terms of such Credit Facility, then the right, title, and interest of the Trustee in respect of the Indenture shall thereupon cease, terminate, and be void, and thereupon the Trustee shall cancel, discharge, and release the lien of the Indenture and shall execute, acknowledge, and deliver to the Issuer such instruments of satisfaction and discharge or release as shall be requisite to evidence such release and the satisfaction and discharge of the lien of the Indenture, and shall assign and deliver to the Corporation any property and revenues at the time subject to the Indenture that may then be in its possession, except amounts in the Bond Fund required to be paid to the City under Section 510 and except funds or securities in which such funds are invested by the Trustee for the payment of the principal of, and redemption premium, if any, and interest on, the Bonds.

Bonds Deemed to be Paid. Bonds shall be deemed to be paid within the meaning of this Article when payment of the principal of and the applicable redemption premium, if any, on such Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of Maturity or upon redemption as provided in the Indenture, or otherwise), either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (a) moneys sufficient to make such payment or (b) Defeasance Obligations maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment.

With respect to any deposit described in clause (ii) above,

(a) the Trustee shall have received the following:

1. except in the case of a deposit under clause (ii)(a), a verification report of a nationally recognized independent certified public accounting firm acceptable to any Credit Facility Provider insuring the Bonds being defeased, as to the adequacy of the escrow to fully pay the Bonds deemed to be paid in full on the maturity or redemption date; provided that such verification report shall be acceptable in form and substance and addressed to the Issuer, the Trustee, and such Credit Facility Provider insuring the Bonds being defeased,

2. with respect to moneys used as provided in this Section which moneys are not paid to the Trustee pursuant to a Credit Facility, an opinion of nationally recognized counsel

experienced in bankruptcy matters, acceptable to Moody's, that the application of such moneys to make payments with regard to the Bonds will not constitute a voidable preference under Section 547 of Title 11 of the United States Code in the Event of Bankruptcy of the City or the Issuer,

3. an opinion of Bond Counsel to the effect that the Bonds are no longer Outstanding under the Indenture; provided that such opinion shall be acceptable in form and substance and addressed to the Issuer, the Trustee, and any Credit Facility Provider insuring the Bonds being defeased,

(b) the Issuer and the Trustee shall have entered into an escrow deposit agreement (which shall be acceptable in form and substance to any Credit Facility Provider insuring the Bonds being defeased), and

(c) the Trustee shall deliver to the Issuer a certificate of discharge with regards to such Bonds being defeased.

At such time as a Bond shall be deemed to be paid under the Indenture, as aforesaid, it shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or Defeasance Obligations.

Notwithstanding the foregoing, in the case of Bonds which by their terms may be redeemed prior to the Stated Maturities thereof, no deposit under clause (ii) of the first paragraph of this Section shall be deemed a payment of such Bonds as aforesaid until, as to all such Bonds which are to be redeemed prior to their respective stated maturities, proper notice of such redemption shall have been given in accordance with Article III or irrevocable instructions shall have been given to the Trustee to give such notice.

Notwithstanding any other provision of the Indenture, (a) all moneys or Defeasance Obligations set aside and held in trust pursuant to this Section for the payment of Bonds (including redemption premium thereon, if any) shall be applied to and used solely for the payment of the particular Bonds (including redemption premium thereon, if any) with respect to which such moneys and Defeasance Obligations have been so set aside in trust and (b) in the event that the principal and/or interest due on the Bonds shall be paid by any Credit Facility Provider pursuant to the applicable Credit Facility, the Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, and the assignment and pledge of the Trust Estate and all covenants, agreements, and other obligations of the Issuer to the Registered Owners shall continue to exist and shall run to the benefit of the Credit Facility Provider, and the Credit Facility Provider shall be subrogated to the rights of such Registered Owners until the Bonds are paid by the Issuer in accordance with the Indenture.

Consents and Other Instruments by Bondholders. Any consent, request, direction, approval, objection, or other instrument required by the Indenture to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of the Indenture, and shall be conclusive in favor of the Trustee with regard to certain actions as set forth in the Indenture.

Summary of Certain Provisions of the Deed of Trust

The following is a summary of certain provisions of the Deed of Trust and is qualified in its entirety by reference thereto.

Title to Mortgaged Property and Lien; Truth of Recitals. The St. Louis Municipal Finance Corporation (the “*Grantor*”) represents and warrants that it is the lawful owner and is lawfully seized and possessed of a good and indefeasible title and estate in fee simple to that portion of the Mortgaged Property which constitutes real property as described in **Exhibit A** to the Deed of Trust free and clear of all liens, charges, or encumbrances whatever, except Permitted Encumbrances, that it will forever warrant and defend the title to the Mortgaged Property and every part thereof unto Mortgage Trustee against the claims and demands of all persons whomsoever, except the claims and demands provided for in the Permitted Encumbrances, and that it has full power and lawful authority to execute and deliver the Deed of Trust. Grantor is well and truly seized of the property (other than real property) that constitutes Mortgaged Property free and clear of any liens and encumbrances except for Permitted Encumbrances or as is expressly set forth in the Deed of Trust.

Payment of Amounts Payable Under the Indenture. Grantor will duly and punctually pay or cause to be paid all amounts payable under the Indenture at the dates and the places and in the manner mentioned in the Indenture and in the Deed of Trust, according to the true intent and meaning thereof and of the Deed of Trust.

Maintenance of Lien; Recording. Grantor will, at its expense, take all necessary action to maintain and preserve or will cause to be maintained and preserved the lien and security interest of the Deed of Trust so long as the Indenture is in effect. Grantor irrevocably authorizes Bond Trustee at any time and from time to time to file financing or continuation statements and/or amendments thereto, without the signature of Grantor, and Grantor shall execute and deliver such other instruments and documents as may be requested by Mortgage Trustee to perfect, confirm, and further evidence the security interest and assignments granted and shall pay the fees incurred in filing all such financing statements or other instruments or documents. In addition to all other rights and remedies granted under the Deed of Trust, Mortgage Trustee shall have the remedies of a secured party under the Uniform Commercial Code as adopted in Missouri (the “UCC”) with respect to any of the items specified above as part of the Mortgaged Property which constitute property within the purview of the UCC.

Further Assurances; After-Acquired Property. All right, title, and interest of Grantor in and to all improvements, betterments, renewals, substitutions, and replacements of the Mortgaged Property or any part thereof hereafter constructed or acquired by Grantor, which shall become a part of the Mortgaged Property, immediately upon such construction or acquisition, and without any further mortgaging, conveyance, or assignment, shall become and be part of the Mortgaged Property and shall be subject to the lien of the Deed of Trust as fully and completely and with the same effect as though now owned by Grantor, but at any and all times Grantor will execute and deliver to the Beneficiaries and Mortgage Trustee any and all such further assurances, mortgages, conveyances, or assignments therefor and other instruments with respect thereto as either Beneficiary or the Mortgage Trustee may reasonably require for the purpose of expressly and specifically subjecting the same to the lien of the Deed of Trust.

Compliance with Environmental Laws. In the Deed of Trust, Grantor represents and warrants that, to the best of Grantor’s knowledge, after due inquiry, the Mortgaged Property complies in all material respects with all applicable federal, state, regional, county, or local laws, statutes, rules, regulations, or ordinances.

Taxes, Charges, and Assessments. Grantor covenants and agrees, subject to the provisions of Section 2.9 of the Deed of Trust relating to permitted contests, to pay or cause to be paid (when the same shall become due or payable): (a) all taxes and charges on account of the use, occupancy, or operation of the Mortgaged Property, including but not limited to all sales, use, occupation, real and personal property taxes, tax equivalents, all permit and inspection fees, occupation and license fees, and all water, gas, electric, light, power, or other utility charges assessed or charged on or against the Mortgaged Property or

on account of Grantor's use or occupancy thereof or the activities conducted thereon or therein; and (b) all taxes, tax equivalents, assessments, and impositions general and special, ordinary and extraordinary, of every name and kind, which shall be taxed, levied, imposed, or assessed upon all or any part of the Mortgaged Property, or the interest of Grantor or the Beneficiaries or Mortgage Trustee or any of them in and to the Mortgaged Property.

Liens. Subject to the provisions of Section 2.9 of the Deed of Trust, Grantor will not create or permit to be created or remain and Grantor will, at its cost and expense, promptly discharge or cause to be discharged all liens, encumbrances, and charges of which Grantor has notice on the Mortgaged Property or any part thereof other than Permitted Encumbrances.

Compliance with Orders, Ordinances, Etc. Subject to the provisions of Section 2.9 of the Deed of Trust, Grantor will, at its sole cost and expense, comply or cause the City to comply with all present and future laws, ordinances, orders, decrees, rules, regulations, and requirements of every duly constituted governmental authority, commission, and court and the officers thereof of which it has notice, and the failure to comply with which would materially and adversely affect the Mortgaged Property or the use, occupancy, or condition thereof. Grantor will not use or permit to be used the Mortgaged Property or any part thereof in any manner inconsistent with the rights of Mortgage Trustee or Beneficiaries, or in violation of the provisions of the Indenture, the Lease Purchase Agreement, any insurance policy, or any rules or a regulations of insurance underwriters.

Permitted Contests. Grantor shall not be required to pay any tax, charge, assessment, imposition, or encumbrance or other matter required to be removed as described above, nor to comply with any law, ordinance, rule, decree, order, regulation, or requirement or other matter described above, so long as Grantor shall contest or cause to be contested or take or cause to be taken other appropriate action, in good faith and at its sole cost and expense, to dispute the amount or validity thereof, in an appropriate manner or by appropriate proceedings which shall operate during the pendency thereof to prevent the collection of or other realization upon the tax, assessment, levy, fee, rent, charge, lien, or encumbrance or other matter so contested, and the sale, forfeiture, or loss of the Mortgaged Property or any part thereof to satisfy the same; provided, that no such contest or action shall be significantly contrary to the interests of the Beneficiaries or Mortgage Trustee or, in the opinion of any of the Beneficiaries result in the forfeiture or loss of the Mortgaged Property by the Grantor or jeopardize the lien or priority of the lien of the Deed of Trust, or subject the Beneficiaries or the Mortgage Trustee to any liability unless Grantor properly indemnifies the Beneficiaries and Mortgage Trustee to their satisfaction.

Repairs, Maintenance, and Alterations. Grantor will at its own cost and expense keep or cause to be kept the Mortgaged Property in good condition, repair, and working order, reasonable wear and tear excepted, and in as reasonably safe condition as its operation will permit and will make all necessary repairs thereto, interior and exterior, structural and non-structural, ordinary as well as extraordinary, and foreseen as well as unforeseen, including any repairs required by any law, ordinance, or regulation, and all necessary replacements or renewals. Grantor will not commit or cause or permit to be committed any waste with respect to the Mortgaged Property. Grantor agrees to keep and maintain or cause to be kept and maintained all grounds, sidewalks, roads, parking, and landscape areas which are part of the Mortgaged Property in good and neat order and repair and not to commit, suffer, or permit any act to be done in or upon the Mortgaged Property in violation of any law, ordinance, or regulation. Grantor shall have the right from time to time at its sole cost and expense to make additions, alterations, and changes, whether structural or nonstructural (hereinafter collectively referred to as "alterations") in or to the Mortgaged Property, subject, however, in all cases to the certain conditions set forth in the Deed of Trust. With respect to any repairs, construction, restoration, replacement, or alterations performed upon the Mortgaged Property by Grantor during the term of the Deed of Trust, in accordance with or as required by

any provisions of the Deed of Trust, Grantor agrees to at all times comply with the provisions of the Indenture.

Property and Casualty Insurance. The Grantor agrees to at all times comply or cause the City to comply with the provisions of the Lease Purchase Agreement relating to maintenance of insurance. In the event Grantor shall fail to maintain or cause to be maintained the full insurance coverage required by the Deed of Trust or shall fail to keep the Mortgaged Property in good repair and operating condition, Mortgage Trustee or either of the Beneficiaries may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced therefore shall become an additional obligation of Grantor, which amounts, together with interest thereon from the date of payment by such party at the rate of 2% per annum over and above the interest rate announced from time to time by Bond Trustee as its “prime rate” on commercial loans (or such lower maximum amount permitted by law), Grantor agrees to pay on demand to the party advancing same.

Third Party’s Right to Perform Grantor’s Covenants. In the event Grantor shall fail to (i) perform or cause to be performed any covenant contained in Section 2.6 of the Deed of Trust, (ii) remove or cause to be removed any lien, encumbrance, or charge pursuant to Section 2.7 of the Deed of Trust, (iii) maintain or cause to be maintained the Mortgaged Property in good repair pursuant to Section 2.10 of the Deed of Trust, (iv) procure the insurance required by Section 2.11 of the Deed of Trust, or (v) fail to make or cause to be made any other payment or perform or cause to be performed any other act required to be performed under the Deed of Trust, then and in each such case (unless the same is being contested or other appropriate action is being taken with respect thereto pursuant to Section 2.9 of the Deed of Trust) any of the Beneficiaries or the Mortgage Trustee, upon not less than 10 days prior written notice to Grantor (except in the case of an emergency, in which case no advance notice shall be required), may (but shall not be obligated to) remedy such default for the account of Grantor and make advances for that purpose. No such performance or advance shall operate to release Grantor from any such default and any sums so advanced by such Beneficiary or Mortgage Trustee shall be repayable by Grantor on demand and shall bear interest at the rate of 2% per annum over and above the interest rate announced from time to time by the Bond Trustee as its “prime rate” on commercial loans (or such lower maximum amount as may be required by law), from the date of the advance until repaid.

No Sale of Mortgaged Property. Except for Permitted Encumbrances and as in the Deed of Trust or in the Indenture or the Lease Purchase Agreement specifically provided, Grantor will not sell, encumber, lease, transfer, or assign or otherwise dispose of the Mortgaged Property or any interest therein, including the rents, income, or profits from the Mortgaged Property without the prior written consent of (i) Credit Facility Provider, as long as any Credit Facility shall be in effect and so long as Credit Facility Provider has not failed, has not ceased, or is not otherwise unable to act under, or has not wrongfully dishonored a claim against or failed to make a payment under the Credit Facility, or (ii) the Bond Trustee if there is no Credit Facility in effect or if Credit Facility Provider has failed, has ceased, or is otherwise unable to act under, or has wrongfully dishonored a claim against or failed to make a payment under the Credit Facility.

Liability of a Third Party. In the event any part of the Mortgaged Property shall be destroyed or damaged by any party or by any cause whereby Grantor becomes entitled to indemnity therefor from any third person or persons, Grantor, for the considerations named, does sell, assign, and transfer to Mortgage Trustee pursuant to the Deed of Trust all of such sum or sums so due from any such third person or persons, and Mortgage Trustee is authorized to receive, collect, and sue for the same and Grantor authorizes and directs that such sum or sums be paid to Mortgage Trustee. Any and all sums received by Mortgage Trustee under the Deed of Trust, after deducting therefrom the reasonable charge or expenses paid or incurred in connection with the collection and disbursement of said moneys, may be

used and applied at the option of Credit Facility Provider, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder, either for the purpose of paying the cost of repair, restoration, or replacement of the Mortgaged Property damaged or destroyed, or applied to the prepayment, or partial prepayment, of the Bonds secured by the Deed of Trust.

Title Insurance. Concurrently with the execution of the Deed of Trust, the Grantor shall deliver to the Bond Trustee an endorsement to the A.L.T.A. Loan Title Insurance Policy (Revised 1992) previously issued to the Bond Trustee and Ambac with respect to the Mortgaged Property written by an insurance company acceptable to and in a form and an amount approved by the Mortgage Trustee and the Beneficiaries, containing as exceptions only Permitted Encumbrances, and eliminating all standard exceptions, except for certain items described in the Deed of Trust.

Events of Default. An “event of default” under the Deed of Trust shall be: (a) the occurrence of any event of default under the Indenture or the Lease Purchase Agreement; or (b) other than a default under subsection (a) above, the failure of Grantor to do, perform, or observe or cause to be done, performed, or observed any term, covenant, condition, or provision of the Deed of Trust which Grantor is to perform, within 30 days after written notice thereof to Grantor by the Mortgage Trustee or either Beneficiary, or the breach by Grantor of any covenant set forth in the Deed of Trust, or any representation or warranty of the Grantor in the Deed of Trust proves to be untrue.

Mortgage Trustee’s Powers. During the continuance of any such event of default, the Mortgage Trustee with or without entry, personally or by attorney, may proceed to protect and enforce his or her rights and the rights of the Beneficiaries by a suit or suits in equity or at law, whether for the specific performance of any covenant or agreement contained in the Deed of Trust, or in aid of the execution of any power in the Deed of Trust granted, or for any foreclosure under the Deed of Trust, or for the enforcement of any other appropriate legal or equitable remedy, as the Mortgage Trustee shall deem most effectual to protect and enforce any of the rights or duties under the Deed of Trust.

Mortgage Trustee May Enter and Take Possession, Operate, and Apply Income. During the continuance of any such event of default under the Deed of Trust, the Mortgage Trustee personally or by his or her agents or attorneys, may enter into and upon all or any part of the Mortgaged Property and each and every part thereof, and may exclude Grantor, its agents, and servants wholly therefrom; and having and holding the same, may use, operate, manage, and control the Mortgaged Property for any lawful purpose and upon every such entry, the Mortgage Trustee at the expense of Grantor from time to time, either by purchase, repairs, or construction, may maintain and restore the Mortgaged Property whereof it shall become possessed as aforesaid, and may insure and reinsure the same as may seem to him or to her to be judicious; and likewise, from time to time at the expense of Grantor, the Mortgage Trustee may make all necessary or proper repairs, renewals, replacements, alterations, additions, betterments, and improvements thereto and thereon as to him or her may seem judicious; and the Mortgage Trustee shall be entitled to collect and receive all earnings, revenues, rents, issues, profits, and income of the same and every part thereof; and after deducting the expenses of operations, maintenance, repairs, renewals, replacements, alterations, additions, betterments, and improvements, and all payments which may be made for taxes, assessments, insurance, and prior or other proper charges upon the Mortgaged Property or any part thereof, as well as all advances by the Mortgage Trustee and reasonable compensation for the services of the Mortgage Trustee and for all counsel and agents and clerks and other employees by him or her or her properly engaged and employed, the Mortgage Trustee shall caused to be deposited the moneys arising as aforesaid as provided in the Indenture.

Foreclosure and Sale of Mortgaged Property. Upon the occurrence of any event of default under the Deed of Trust, the Mortgage Trustee, at the request of either Beneficiary (except that the Bond

Trustee may not make such request absent the prior written consent of the Credit Facility Provider, so long as there is a Credit Facility in effect and so long as the Credit Facility Provider has not failed, has not ceased, or is not otherwise unable to act under, or has not wrongfully dishonored a claim against or failed to make a payment under such Credit Facility,) shall proceed to sell, either by himself or herself or by agent or attorney, the Mortgaged Property and every part thereof at public sale at auction or outcry at the customary time and place of sale then used for such purposes in the City of St. Louis, State of Missouri, to the highest bidder for cash after first giving notice as required by law. Upon such sale or sales made by Mortgage Trustee under the power in the Deed of Trust granted or upon any sale or sales under or by virtue of any judicial proceedings: (i) the whole of the Mortgaged Property, real, personal and mixed, may be sold in one parcel as an entirety, or the Mortgaged Property may be sold in separate parcels as may be determined by Mortgage Trustee in his or her discretion; and (ii) Mortgage Trustee shall receive the proceeds of such sale or sales and shall execute and deliver deed or deeds or other appropriate instruments of conveyance, assignment, or transfer of the property sold to the purchaser or purchasers thereof.

Sale to Accelerate Amounts Payable Under the Indenture. In the event of any sale pursuant to Section 3.4 of the Deed of Trust, the amounts payable under the Indenture, if not previously due, immediately thereupon shall become due and payable, anything in the Indenture and the Deed of Trust or any other document to the contrary notwithstanding.

Application of Proceeds of Sale. The purchase money, proceeds, or avails of any such sale, together with any other sums which then may be held by the Mortgage Trustee under the Deed of Trust as part of the Mortgaged Property or the proceeds thereof, whether under the provisions of this Article or otherwise, shall be applied pursuant to the terms of the Indenture.

Purchase of Mortgaged Property. Upon any sale pursuant to Section 3.4 of the Deed of Trust of all or of any portion of the Mortgaged Property pursuant to judicial proceedings, either Beneficiary, the City, or any Bondholder may bid for and purchase the property being sold, and upon compliance with the terms of sale, such Beneficiary, the City, or Bondholder may hold, retain, possess, and dispose of such property in its own absolute right without further accountability. Either Beneficiary may make payment for such Mortgaged Property by presenting to the Mortgage Trustee the Indenture or Credit Facility secured by the Deed of Trust so that there may be endorsed as paid thereon the amount of such bid which is to be applied to the payment of such Indenture or Credit Facility, as the case may be.

Mortgage Trustee Entitled to Appointment of Receiver. Grantor further agrees that upon the happening of any event of default and thereafter during the continuance of such event of default unless the same shall have been waived as hereinbefore provided, the Mortgage Trustee shall be entitled as a matter of right, if the Bond Trustee shall so elect, (i) forthwith and without declaring the amounts payable under the Indenture to be due and payable, or (ii) after declaring the same to be due and payable, or (iii) upon the filing of any suit to foreclose the Deed of Trust or to enforce the specific performance of the Deed of Trust or in aid thereof or upon the commencement of any other judicial proceeding to enforce any right of the Beneficiaries or the Mortgage Trustee to the appointment of a receiver or receivers of the Mortgaged Property and of all the earnings, revenues, rents, issues, profits, and income thereof, with such powers as the court making such appointment shall confer, which may comprise any or all of the powers which the Mortgage Trustee is authorized to exercise by the provisions of the Deed of Trust.

Rights of Credit Facility Provider. Notwithstanding anything to the contrary in the Deed of Trust, no event, except an event described in Sections 901(a) or 901(b) of the Indenture, shall constitute an event of default under the Deed of Trust until such event is declared by Credit Facility Provider to be an event of default under the Deed of Trust, as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder. In addition, the Mortgage Trustee and the Bond Trustee shall exercise their remedies and

their rights to give waivers and rescind acts provided for in the Deed of Trust solely at the direction of Credit Facility Provider and only if and as directed in writing by Credit Facility Provider; and provided, further, that such direction shall not be otherwise than in accordance with the provisions of law and of the Deed of Trust, and provided, further, that the Bond Trustee shall have the right to decline to follow any such direction if the Bond Trustee in good faith shall determine that such direction would materially prejudice the rights of the Bondholders. Credit Facility Provider shall only be entitled to its rights under the Deed of Trust and the Indenture, including without limitation its rights of consent, so long as there is a Credit Facility in effect and so long as such party has not failed, has not ceased or is not otherwise unable to act under, or has not wrongfully dishonored a claim against or failed to make a payment under such Credit Facility.

Amendments. Grantor, Mortgage Trustee, and the Beneficiaries may from time to time enter into amendments, changes, and modifications of the Deed of Trust as shall be mutually agreeable, but only with the consent of the Bond Trustee and the City, and if required by the terms of the Indenture, the consent of the holders of the requisite aggregate principal amount of the Bonds then outstanding and the Credit Facility Provider (as long as any Credit Facility shall be in effect and the Credit Facility Provider associated with such Credit Facility shall be in compliance with any payment obligation thereunder). As long as a Credit Facility shall be in effect and the Credit Facility Provider shall be in compliance with any payment obligation thereunder, any provision of the Deed of Trust expressly recognizing or granting rights in or to such Credit Facility Provider may not be amended in any manner which affects the rights of such party under the Deed of Trust without the prior written consent of such Credit Facility Provider.

Defeasance. If Grantor shall pay and discharge or provide, in a manner satisfactory to the Beneficiaries, for the payment and discharge of the whole amount of all sums payable under the Deed of Trust, including all sums owing and other obligations under the Indenture, or shall make arrangements satisfactory to the Beneficiaries for such payment and discharge, and if all sums owing under the Indenture are paid and all other obligations under the Indenture are satisfied, then and in that case all property, rights, and interest by the Deed of Trust conveyed, assigned, or pledged shall revert to Grantor, and the estate, right, title, and interest of the Mortgage Trustee and Beneficiaries therein shall thereupon cease, terminate, and become void; and the Deed of Trust, and the covenants of Grantor contained in the Deed of Trust, shall be discharged and the Beneficiaries in such case on demand of Grantor and at Grantor's cost and expense, shall execute and deliver to Grantor a proper instrument or proper instruments acknowledging the satisfaction and termination of the Deed of Trust and shall convey, assign, and transfer or cause to be conveyed, assigned, or transferred, and shall deliver or cause to be delivered to Grantor, all property, including money, then held by the Beneficiaries under the Deed of Trust, to be applied by Grantor as provided in the Indenture.

Personal Property. The Deed of Trust is intended to be a security agreement under Article 9 of the UCC in effect in the State of Missouri. Without limiting the generality of the forgoing, Grantor grants and transfers to Beneficiaries a security interest in the Personal Property to secure the Obligations. Upon a default by Grantor, either Beneficiary shall, at its option and without notice or demand, be entitled to enter upon the Mortgaged Property to take immediate possession of the Personal Property. Upon request of either Beneficiary, Grantor shall assemble and make the Personal Property available to Beneficiaries at a place designated by Beneficiaries that is reasonably convenient to such parties. Beneficiaries may propose to retain the Personal Property in partial satisfaction of the indebtedness secured by the Deed of Trust or sell all or any portion of the Personal Property at public or private sale in accordance with the UCC or in accordance with the foreclosure advertisement and sale provisions under the Deed of Trust. Grantor agrees that a commercially reasonable manner of disposition of the Personal Property upon a default shall include, without limitation and at the option of Beneficiaries, the sale of the Personal Property, in whole or in part, concurrently with a foreclosure sale of the Mortgaged Property in accordance with the provisions of the Deed of Trust. In the further event Beneficiaries shall dispose of

any or all of the Personal Property after default, the proceeds of disposition shall be applied pursuant to the terms of the Indenture. This instrument is intended to be a security agreement pursuant to the UCC covering any part of the items or types of Personal Property that may be subject to a security interest pursuant to the UCC and Grantor grants the Beneficiaries a security interest in such items or types of Property.

Deed of Trust Constitutes Construction Mortgage. To the extent applicable, the Deed of Trust, with respect to the proceeds of the Series 2008 Bonds, the Series 2009 Bonds, and the Series 2010 Bonds, secures an obligation for the construction of improvements on the Mortgaged Property, constitutes a construction mortgage for the purpose of Article Nine of the UCC and is entitled to all of the benefits afforded construction mortgages thereunder.

Nonrecourse. Notwithstanding anything in the Deed of Trust to the contrary, neither the Grantor nor its directors, officers, agents, or employees shall be personally liable to pay the obligations of the Grantor under the Deed of Trust but rather the Mortgage Trustee and the Beneficiaries shall recover any unpaid liability under the Deed of Trust out of the rents and revenues of the Mortgaged Property and pursuant to the collateral under the Deed of Trust, the Indenture, and the Credit Facility; provided, however, that nothing in the foregoing provisions shall be or be deemed to be a release or impairment of the obligations under the Indenture or of the lien of the Deed of Trust or shall preclude the Mortgage Trustee or either Beneficiary from foreclosing on or proceeding with respect to the Deed of Trust in case of any default, or from enforcing any and all rights under or by virtue thereof.

Indenture to Control. Nothing in the Deed of Trust contained shall be construed to limit or impair a right or remedy granted the Bond Trustee, Mortgage Trustee, or Credit Facility Provider under the Indenture, and in the event such right or remedy granted in the Deed of Trust is more restrictive (as determined by Credit Facility Provider in its sole discretion) than that contained in the Indenture, then the related provision of such Indenture shall be determining and shall control.

APPENDIX E

BOOK-ENTRY SYSTEM

DTC will act as securities depository for the Series 2010 Bonds. The Series 2010 Bonds will be issued as fully-registered securities registered in the name of the Nominee. Initially, one fully-registered certificate will be issued for each Maturity of the Series 2010 Bonds, in the aggregate principal amount of each Maturity of the Series 2010 Bonds, and will be deposited with DTC.

So long as Cede & Co., as nominee of DTC, is the Registered Owner of the Series 2010 Bonds, the Beneficial Owners of the Series 2010 Bonds will not receive or have the right to receive physical delivery of the Series 2010 Bonds, and references herein to the Bondholders or Registered Owners of the Series 2010 Bonds mean the Nominee and not the Beneficial Owners of the Series 2010 Bonds.

DTC and its Participants. DTC, the world's largest 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 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 Standard & Poor's highest rating: AAA. 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 and www.dtc.org.

Purchase of Ownership Interests. Purchases of Series 2010 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2010 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2010 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 purchases. 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 2010 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 2010 Bonds, except in the event that use of the Book-Entry System for the Series 2010 Bonds is discontinued.

Transfers. To facilitate subsequent transfers, all Series 2010 Bonds deposited by Direct Participants with DTC are registered in the name of the Nominee. The deposit of Series 2010 Bonds with DTC and their registration in the name of the Nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2010 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2010 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 2010 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2010 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Series 2010 Bond documents. For example, Beneficial Owners of Series 2010 Bonds may wish to ascertain that the Nominee holding the Series 2010 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 2010 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Series 2010 Bonds to be redeemed.

Voting. Neither DTC nor the Nominee will consent or vote with respect to Series 2010 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 Nominee's consenting or voting rights to those Direct Participants to whose accounts Series 2010 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal and Interest. Payments of the Accreted Value of the Series 2010 Bonds, premium, if any, and interest on the Series 2010 Bonds will be made to the Nominee. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation 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 Accreted Value of the Series 2010 Bonds, if any, to the Nominee 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 2010 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 2010 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 2010 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 and the Underwriters believe to be reliable, but neither the Corporation nor 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 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 2010 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 2010 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 2010 BONDS, ANY REFERENCES IN THIS OFFICIAL STATEMENT TO NOTICES THAT ARE TO BE GIVEN TO OWNERS BY THE TRUSTEE WILL BE GIVEN ONLY TO THE NOMINEE. 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

March 16, 2010

St. Louis Municipal Finance Corporation
St. Louis, Missouri

Barclays Capital Inc.
as Representative of the Underwriters
Chicago, Illinois

The City of St. Louis, Missouri
St. Louis, Missouri

The Bank of New York Mellon Trust Company,
N.A., as Trustee
St. Louis, Missouri

The Industrial Development Authority of the
City of St. Louis, Missouri
St. Louis, Missouri

Assured Guaranty Municipal Corp.
New York, New York

Re: Compound Interest Leasehold Revenue Bonds, Series 2010A (Convention Center Capital Improvement Project) (the “Series 2010A Bonds”) and \$8,517,606.90 Compound Interest Leasehold Revenue Refunding Bonds, Series 2010B (Convention Center Project) (the “Series 2010B Bonds”)

Ladies and Gentlemen:

We have acted as Co-Bond Counsel in connection with the issuance by the St. Louis Municipal Finance Corporation (the “*Corporation*”) of the above-referenced bonds (collectively, the “*Series 2010 Bonds*”) pursuant to a Resolution adopted by the Corporation on March 10, 2010 (the “*Resolution*”). In such capacity, we have examined such laws and such certified proceedings and other documents and materials as we have deemed necessary to enable us to render this opinion, including the following documents (collectively, the “*Transaction Documents*”):

- a. Eighth Supplemental and Restated Indenture of Trust (the “*Indenture*”), dated as of March 1, 2010, among the Corporation, The Industrial Development Authority of the City of St. Louis, Missouri (the “*Authority*”), and The Bank of New York Mellon Trust Company, N.A., as trustee (the “*Trustee*”);
- b. Seventh Supplemental and Restated Lease Purchase Agreement (the “*Lease*”), dated as of March 1, 2010, among the Corporation, the Authority and The City of St. Louis, Missouri (the “*City*”);
- c. Seventh Supplemental and Restated First Deed of Trust, Security Agreement and Assignment, dated as of March 1, 2010, by the Corporation for the benefit of the Trustee, Ambac Assurance Corporation, Assured Guaranty Municipal Corp., and the deed of trust trustee named therein;

- d. Bond Purchase Agreement, dated March 10, 2010, by and among the Corporation, the Authority, the City, and Barclays Capital Inc., as representative of the Underwriters named therein;
- e. Continuing Disclosure Agreement, dated as of March 1, 2010, by and between the City and The Bank of New York Mellon Trust Company, N.A., as Dissemination Agent; and
- f. Tax Compliance Agreement (the "*Tax Compliance Agreement*"), dated as of March 1, 2010, among the City, the Corporation, and the Trustee.

As to questions of fact material to this opinion, we have relied upon representations of the Corporation contained in the Resolution and the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation. We note that (i) various issues with respect to the City in connection with the Series 2010 Bonds are addressed in the opinion of the Deputy City Counselor of the City; (ii) various issues with respect to the Authority in connection with the Series 2010 Bonds are addressed in the opinion of counsel to the Authority; and (iii) various issues with respect to the Corporation in connection with the Series 2010 Bonds are addressed in the opinion of the Corporation's counsel. Except as otherwise stated herein, we express no opinion with respect to those issues. In addition, we express no opinion as to the title to or the description of the property subject to the Indenture, the Lease or the other Transaction Documents.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Series 2010 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 pursuant to the Lease. Neither the Lease nor the Series 2010 Bonds constitute an indebtedness of the Corporation, the City, 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 State, the City, or the Corporation is pledged to the payment of the Rentals or any other payments under the Lease or to the payment of the Series 2010 Bonds.

2. Interest on the Series 2010 Bonds (including any original issue discount properly allocable to the Owners, as defined in the Indenture, thereof) is excludable from gross income for federal and Missouri income tax purposes. Such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. As a result of the American Recovery and Reinvestment Act of 2009, interest on the Series 2010A Bonds will not be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes). However, interest on the Series 2010B Bonds will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations. 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 2010 Bonds in order that interest thereon (including any original issue discount properly allocable to the Owners thereof) be, or continue to be, excluded from gross income for federal and Missouri 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 2010 Bonds

(including any original issue discount properly allocable to the Owners thereof) to be included in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Series 2010 Bonds. We express no opinion as to whether the interest on the Series 2010 Bonds (including any original issue discount properly allocable to the Owners thereof) is exempt from the tax imposed on financial institutions pursuant to Chapter 148 of the Revised Statutes of Missouri, as amended. The Series 2010 Bonds are not “qualified tax-exempt obligations” under Section 265(b)(3) of the Code.

Except as stated in paragraph 2 above, we express no opinion regarding any other federal or state tax consequences with respect to the Series 2010 Bonds.

It is to be understood that the rights of the Owners of the Series 2010 Bonds and the enforceability of the Series 2010 Bonds, the Resolution, and the Transaction Documents may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights and by equitable principles, whether considered at law or in equity.

Except as set forth in our supplemental opinion of even date herewith, we have not been engaged or undertaken to review the accuracy, adequacy, or completeness of any offering material relating to the Series 2010 Bonds, and we express no opinion relating thereto. This opinion is delivered to you for your use only and it may not be relied upon by any third party for any purpose whatsoever without our prior written consent.

We call to your attention the fact that our legal opinions are an expression of professional judgment and are not a guarantee of a result.

By rendering this opinion, we do not undertake to advise you further of any changes in law or fact which may occur or come to our attention after the date hereof.

Very truly yours,

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APPENDIX G

**TABLE OF ACCRETED VALUES FOR SERIES 2010 BONDS
(Per \$5,000 Bond)**

Date	Series 2010A Bonds							Series 2010B
	CABs	Bonds						
	07/15/2031 6.220%	07/15/2032 6.290%	07/15/2033 6.340%	07/15/2034 6.380%	07/15/2035 6.420%	07/15/2036 6.430%	07/15/2037 6.440%	07/15/2014 3.000%
3/16/2010	\$1,353.75	\$1,254.15	\$1,165.60	\$1,084.75	\$1,008.80	\$ 944.60	\$ 884.30	\$4,395.05
7/15/2010	1,381.45	1,280.10	1,189.90	1,107.55	1,030.10	964.55	903.05	4,438.55
1/15/2011	1,424.40	1,320.35	1,227.60	1,142.85	1,063.15	995.60	932.10	4,505.10
7/15/2011	1,468.70	1,361.90	1,266.50	1,179.30	1,097.25	1,027.60	962.15	4,572.70
1/15/2012	1,514.35	1,404.70	1,306.65	1,216.95	1,132.50	1,060.60	993.10	4,641.30
7/15/2012	1,561.45	1,448.90	1,348.10	1,255.75	1,168.85	1,094.70	1,025.10	4,710.90
1/15/2013	1,610.05	1,494.45	1,390.80	1,295.80	1,206.35	1,129.90	1,058.10	4,781.55
7/15/2013	1,660.10	1,541.45	1,434.90	1,337.15	1,245.10	1,166.25	1,092.20	4,853.30
1/15/2014	1,711.75	1,589.95	1,480.40	1,379.80	1,285.05	1,203.75	1,127.35	4,926.10
7/15/2014	1,764.95	1,639.95	1,527.35	1,423.85	1,326.30	1,242.45	1,163.65	5,000.00
1/15/2015	1,819.85	1,691.50	1,575.75	1,469.25	1,368.90	1,282.40	1,201.10	
7/15/2015	1,876.45	1,744.70	1,625.70	1,516.10	1,412.85	1,323.60	1,239.80	
1/15/2016	1,934.80	1,799.60	1,677.25	1,564.50	1,458.20	1,366.20	1,279.70	
7/15/2016	1,995.00	1,856.20	1,730.40	1,614.40	1,505.00	1,410.10	1,320.95	
1/15/2017	2,057.05	1,914.55	1,785.25	1,665.90	1,553.30	1,455.45	1,363.45	
7/15/2017	2,121.00	1,974.80	1,841.85	1,719.05	1,603.15	1,502.25	1,407.35	
1/15/2018	2,186.95	2,036.90	1,900.25	1,773.85	1,654.65	1,550.55	1,452.70	
7/15/2018	2,255.00	2,100.95	1,960.50	1,830.45	1,707.75	1,600.40	1,499.45	
1/15/2019	2,325.10	2,167.05	2,022.60	1,888.85	1,762.55	1,651.85	1,547.75	
7/15/2019	2,397.45	2,235.20	2,086.75	1,949.10	1,819.15	1,704.95	1,597.60	
1/15/2020	2,472.00	2,305.50	2,152.90	2,011.30	1,877.55	1,759.75	1,649.05	
7/15/2020	2,548.85	2,378.00	2,221.15	2,075.45	1,937.80	1,816.35	1,702.15	
1/15/2021	2,628.15	2,452.75	2,291.55	2,141.65	2,000.00	1,874.70	1,756.95	
7/15/2021	2,709.90	2,529.90	2,364.20	2,209.95	2,064.20	1,935.00	1,813.50	
1/15/2022	2,794.15	2,609.50	2,439.15	2,280.45	2,130.50	1,997.20	1,871.90	
7/15/2022	2,881.05	2,691.55	2,516.45	2,353.20	2,198.85	2,061.40	1,932.20	
1/15/2023	2,907.65	2,776.20	2,596.25	2,428.30	2,269.45	2,127.70	1,994.40	
7/15/2023	3,063.05	2,863.50	2,678.55	2,505.75	2,342.30	2,196.10	2,058.60	
1/15/2024	3,158.30	2,953.55	2,763.45	2,585.70	2,417.50	2,266.70	2,124.90	
7/15/2024	3,256.55	3,046.45	2,851.05	2,668.15	2,495.10	2,339.60	2,193.35	
1/15/2025	3,357.80	3,142.25	2,941.45	2,753.30	2,575.20	2,414.80	2,263.95	
7/15/2025	3,462.25	3,241.10	3,034.65	2,841.10	2,657.85	2,492.45	2,336.85	
1/15/2026	3,569.90	3,343.05	3,130.85	2,931.75	2,743.15	2,572.55	2,412.10	
7/15/2026	3,680.95	3,448.15	3,230.10	3,025.25	2,831.20	2,655.30	2,489.80	
1/15/2027	3,795.40	3,556.60	3,332.50	3,121.80	2,922.10	2,740.65	2,569.95	
7/15/2027	3,913.45	3,668.45	3,438.15	3,221.35	3,015.90	2,828.75	2,652.70	
1/15/2028	4,035.15	3,783.85	3,547.15	3,324.15	3,112.70	2,919.70	2,738.10	
7/15/2028	4,160.65	3,902.85	3,659.60	3,430.15	3,212.65	3,013.55	2,826.30	
1/15/2029	4,290.05	4,025.60	3,775.60	3,539.60	3,315.75	3,110.45	2,917.30	
7/15/2029	4,423.50	4,152.20	3,895.30	3,652.50	3,422.20	3,210.45	3,011.25	
1/15/2030	4,561.05	4,282.80	4,018.75	3,769.00	3,532.05	3,313.70	3,108.20	
7/15/2030	4,702.90	4,417.50	4,146.15	3,889.25	3,645.45	3,420.20	3,208.30	
1/15/2031	4,849.15	4,556.40	4,277.60	4,013.30	3,762.45	3,530.15	3,311.60	
7/15/2031	5,000.00	4,699.70	4,413.20	4,141.35	3,883.25	3,643.65	3,418.20	
1/15/2032		4,847.50	4,553.10	4,273.45	4,007.90	3,760.80	3,528.30	
7/15/2032		5,000.00	4,697.45	4,409.80	4,136.55	3,881.70	3,641.90	
1/15/2033			4,846.35	4,550.45	4,269.30	4,006.50	3,759.15	
7/15/2033			5,000.00	4,695.60	4,406.35	4,135.35	3,880.20	
1/15/2034				4,845.40	4,547.80	4,268.30	4,005.15	
7/15/2034				5,000.00	4,693.80	4,405.50	4,134.15	
1/15/2035					4,844.45	4,547.15	4,267.25	
7/15/2035					5,000.00	4,693.35	4,404.65	
1/15/2036						4,844.25	4,546.50	
7/15/2036						5,000.00	4,692.90	
1/15/2037							4,844.00	
7/15/2037							5,000.00	

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APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY



MUNICIPAL BOND
INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. (FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.) ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. (FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.) has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.
(FORMERLY KNOWN AS FINANCIAL
SECURITY ASSURANCE INC.)

By _____
Authorized Officer

(212) 826-0100