NEW ISSUE **BOOK-ENTRY ONLY**
Moody's: Aaa
(See "RATINGS" herein)

In the opinion of Co-Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, interest on the Series 2005 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Co-Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2005 Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. Co-Bond Counsel are further of the opinion that interest on the Series 2005 Bonds is excluded from Missouri taxable income for purposes of the income tax imposed by the State of Missouri. See "TAX MATTERS" herein regarding certain other tax considerations.

$15,485,000
ST. LOUIS MUNICIPAL FINANCE CORPORATION
City Justice Center Leasehold Revenue Refunding Bonds, Series 2005 (City of St. Louis, Missouri, Lessee)

Dated: Date of Delivery **Due: February 15, as shown on the inside cover**

The St. Louis Municipal Finance Corporation City Justice Center Leasehold Revenue Refunding Bonds, Series 2005 (City of St. Louis, Missouri, Lessee) (the "Series 2005 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 2005 Bonds will be issued under and secured by an Indenture of Trust dated as of August 1, 1996 ("Master Indenture"), as amended and supplemented by a First Supplemental Indenture, a Second Supplemental Indenture, a Third Supplemental Indenture, and a Fourth Supplemental Indenture (each as defined herein), by and between the Corporation and UMB Bank, N.A., Kansas City, Missouri, as trustee (the "Trustee") (such Master Indenture, as amended and supplemented, is hereafter referred to as the "Indenture"). The proceeds of the Series 2005 Bonds will be used (i) to refund a portion of the Corporation's outstanding City Justice Center Leasehold Revenue Improvement Bonds, Series 2000A and (ii) to provide for a debt service reserve fund and/or credit enhancement of the Series 2005 Bonds, and (iii) to pay certain costs of issuance of the Series 2005 Bonds.

The Series 2005 Bonds and the interest thereon shall be special obligations of the Corporation payable solely out of the Rentals and Additional Rentals derived by the Trustee pursuant to the Lease Agreement (as herein described) and certain other revenues and receipts derived by the Trustee pursuant to the Pledge Agreement (as herein described), and are secured on a parity basis with certain other outstanding obligations of the Corporation by a pledge and assignment of the Trust Estate (as defined in the Indenture) to the Trustee pursuant to the Indenture. No incorporator, member, agent, employee, director or officer of the Corporation or The City of St. Louis, Missouri (the "City"), shall at any time or under any circumstances be individually or personally liable under the Indenture or the Lease Agreement for anything done or omitted to be done by the Corporation thereunder. The Series 2005 Bonds and interest thereon shall not be a debt of the City or of the State and neither the City nor the State shall be liable thereon, and the Series 2005 Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The obligation of the City to make rental payments is subject to annual appropriation by the St. Louis Board of Aldermen. The Corporation has no taxing power. See "**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2005 BONDS**" herein.

The Series 2005 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 2005 Bonds will be made in book-entry form in denominations of $5,000 or any integral multiple of $5,000 in excess thereof. Purchasers will not receive certificates representing their interests in the Series 2005 Bonds purchased. So long as the Nominee is the registered owner of the Series 2005 Bonds, references herein to the Bondholders or registered owners shall mean the Nominee, as aforesaid, and shall not mean the Beneficial Owners (as herein defined) of the Series 2005 Bonds. Principal on the Series 2005 Bonds will be payable as set forth on the inside front cover of this Official Statement. The Series 2005 Bonds will bear interest from their dated date, payable beginning February 15, 2006, and semiannually thereafter on February 15 and August 15 of each year. Payments of principal of, premium, if any, and interest on the Series 2005 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 2005 Bonds.

The Series 2005 Bonds are subject to optional and extraordinary redemption prior to maturity as fully described herein.

Payment, when due, of the principal of and interest on the Series 2005 Bonds will be guaranteed by a policy of financial guaranty insurance to be issued concurrently with the issuance of the Series 2005 Bonds by AMBAC Assurance Corporation. See "**BOND INSURANCE**" herein.

Ambac

This cover page contains information for reference only. It is not a complete summary of the Series 2005 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 inside cover page for maturities, principal amounts, interest rates and yields.

The Series 2005 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 2005 Bonds by Armstrong Teasdale LLP and Pugh, Jones, Johnson & Quandt, P.C., 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 Hardwick Law Firm, LLC, and The Stolar Partnership LLP. It is expected that the Series 2005 Bonds will be available for delivery to DTC, in New York, New York on or about September 1, 2005.

Bear, Stearns & Co. Inc.

Edward Jones **Popular Securities**

The date of this Official Statement is August 17, 2005.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES OR YIELDS

$15,485,000
ST. LOUIS MUNICIPAL FINANCE CORPORATION
City Justice Center Leasehold Revenue Refunding Bonds, Series 2005
(City of St. Louis, Missouri, Lessee)

Base CUSIP: 79165T

MATURITY February 15	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP NUMBER
2006	$ 115,000	2.850%	2.850%	KT7
2007	120,000	3.000	3.000	KU4
2008	125,000	3.125	3.125	KV2
2009	130,000	3.250	3.250	KW0
2010	135,000	3.350	3.350	KX8
2011	1,205,000	5.000	3.580	KY6
2012	1,245,000	5.000	3.680	KZ3
2013	1,310,000	5.000	3.770	LA7
2014	1,375,000	5.000	3.850	LB5
2015	1,445,000	5.000	3.920	LC3
2016	1,515,000	4.000	4.030	LD1
2017	1,595,000	4.000	4.125	LE9
2018	1,655,000	4.000	4.190	LF6
2019	1,725,000	4.000	4.190	LG4
2020	1,790,000	4.000	4.220	LH2

This Official Statement is provided in connection with the initial offering and sale of the Series 2005 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, the Bond Insurer (as hereinafter defined) 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 or the City, the Bond Insurer 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 2005 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, the City or the Bond Insurer since the date hereof (or since the date of any information included herein that is dated other than the date hereof).

The Series 2005 Bonds have not been registered with the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "Securities Act") in reliance upon the exemption contained in Section 3(a)(2) of such act. The Indenture has not been qualified under the Trust Indenture Act of 1939, in reliance upon an exemption contained in such act. The registration or qualification of the Series 2005 Bonds in accordance with applicable provisions of securities laws of any states in which the Series 2005 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 2005 Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

Other than with respect to information concerning the Bond Insurer contained in "BOND INSURANCE" and APPENDIX F - "Form of Bond Insurance Policy," none of the information in this Official Statement has been supplied or verified by the Bond Insurer and the Bond Insurer makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Series 2005 Bonds; or (iii) the tax-exempt status of the interest on the Series 2005 Bonds.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2005 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
James F. Shrewsbury, President of the Board of Aldermen
Larry C. Williams, Treasurer

BOARD OF ALDERMEN

Charles Quincy Troupe - Ward 1
Dionne Flowers - Ward 2
Freeman Bosley, Sr.-Ward 3
O. L. Shelton - Ward 4
April Ford-Griffin - Ward 5
Lewis E. Reed - 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
Michael McMillan - Ward 19
Craig Schmid - Ward 20
Bennice Jones King - Ward 21
Jeffrey Boyd - Ward 22
Kathleen Hanrahan - Ward 23
Tom Bauer - Ward 24
Dorothy Kirner - 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
Pam Ross	Vice President
Thomas J. Ray	Secretary
Frank Jackson	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
Thomas J. Ray, Deputy City Counselor
Patricia A. Hageman, City Counselor

BOARD OF ESTIMATE AND APPORTIONMENT

Francis G. Slay, Mayor
Darlene Green, Comptroller
James F. Shrewsbury, President of the Board of Aldermen

FINANCIAL ADVISOR

P. G. Corbin & Company, Inc.
Philadelphia, Pennsylvania

INVESTMENT ADVISOR

Columbia Capital Management LLC
Mission, Kansas

TABLE OF CONTENTS

PAGE

INTRODUCTION 1
- The Issuer 1
- Authorization for the Series 2005 Bonds 1
- Purposes of the Series 2005 Bonds 2
- Security and Sources of Payment for the Series 2005 Bonds 2
- Bond Insurance 2
- Definitions and Summaries of Certain Legal Documents 2

THE PROJECT 3
- Background 3
- Description of the City Justice Center 3
- Lease of Property 4

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2005 BONDS 4
- General 4
- Pledged Revenues 6
- Funds Created 7
- Debt Service Reserve Fund 7
- Other Outstanding Bonds Under the Indenture 8
- Amendments to Bond Documents 9
- Additional Bonds 9

BOND INSURANCE 9
- Payment pursuant to the Bond Insurance Policy 10
- Debt Service Reserve Fund Surety Bond 10
- Ambac Assurance Corporation 11
- Available Information 12
- Incorporation of Certain Documents by Reference 12

THE SERIES 2005 BONDS 13
- General 13
- Optional Redemption 14
- Extraordinary Redemption 14
- Selection of Series 2005 Bonds to be Redeemed 14
- Notice and Effect of Call for Redemption 15
- Registration, Transfer and Exchange 15
- Book-Entry Only System 16

PLAN OF REFUNDING 18

ESTIMATED SOURCES OF FUNDS 19

DEBT SERVICE REQUIREMENTS FOR THE SERIES 2005 BONDS 20

BONDHOLDERS' RISKS 20
- General 20
- Event of Non-Appropriation 21
- No Restrictions or Use of Facility After Default Under Lease Agreement 21
- Certain Matters Relating to Enforceability 21

THE ST. LOUIS MUNICIPAL FINANCE CORPORATION 21

Organization, Powers and Purposes 21
Board of Directors/Officers 22

FINANCIAL STATEMENTS 22

RATING 22

LITIGATION 23

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS 23

APPROVAL OF LEGAL PROCEEDINGS 23

TAX MATTERS 24
Federal Income Taxes 24
State Taxes 24
Original Issue Premium 24
Certain Federal Tax Information 25
Future Events 26

FINANCIAL ADVISOR 26

INVESTMENT ADVISOR 26

UNDERWRITING 26

CERTAIN RELATIONSHIPS 27

CONTINUING DISCLOSURE 27

MISCELLANEOUS 29

APPENDIX A-- Information Concerning The City of St. Louis, Missouri A-1

APPENDIX B--General Purpose Financial Statements of The City of St. Louis, Missouri for the Year Ended June 30, 2004 ..... B-1

APPENDIX C--Definitions of Words and Terms C-1

APPENDIX D--Summaries of Legal Documents D-1

APPENDIX E--Form of Opinion of Co-Bond Counsel E-1

APPENDIX F--Form of Bond Insurance Policy F-1

OFFICIAL STATEMENT

Relating
to
$15,485,000
St. Louis Municipal Finance Corporation
City Justice Center Leasehold Revenue Refunding Bonds, Series 2005
(City of St. Louis, Missouri, Lessee)

INTRODUCTION

The information in this section is furnished solely to provide limited introductory information regarding the terms of St. Louis Municipal Finance Corporation's City Justice Center Leasehold Revenue Refunding Bonds, Series 2005 (City of St. Louis, Missouri, Lessee) (the "Series 2005 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 2005 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"). See "**ST. LOUIS MUNICIPAL FINANCE CORPORATION"** herein.

Authorization for the Series 2005 Bonds

The Series 2005 Bonds are issued under the authority of the constitution and laws of the State of Missouri (the "State"), including 100.155 R.S.Mo. (2000, as amended), Ordinance No. 66771, adopted by the Board of Aldermen on July 15, 2005, and approved by the Mayor on July 18, 2005 (the "Ordinance"), and a resolution of the Board of Directors of the Corporation adopted on August 16, 2005 (the "Resolution"). The Series 2005 Bonds are issued under and secured by an Indenture of Trust, dated as of August 1, 1996 (the "Master Indenture"), as amended and supplemented by a First Supplemental Indenture of Trust, dated as of August 1, 1996 (the "First Supplemental Indenture"), a Second Supplemental Indenture of Trust, dated as of February 1, 2000 (the "Second Supplemental Indenture"), a Third Supplemental Indenture of Trust, dated as of September 1, 2001 (the "Third Supplemental Indenture"), and a Fourth Supplemental Indenture of Trust, dated as of September 1, 2005 (the "Fourth Supplemental Indenture") each by and between the Corporation and UMB Bank, N.A., (formerly known as UMB Bank of St. Louis, N.A.) Kansas City, Missouri, as trustee (the "Trustee"). The Master Indenture, as amended and supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and the Fourth Supplemental Indenture, shall be referred to hereinafter as the "Indenture."

Purposes of the Series 2005 Bonds

The proceeds of the Series 2005 Bonds will be used to advance refund a portion of the Corporation's City Justice Center Leasehold Revenue Improvement Bonds, Series 2000A (the "Series 2000A Bonds"), maturing on February 15, 2006, and those maturing on February 15, 2011, and thereafter (the "Refunded Bonds"), to provide for a debt service reserve fund and/or credit enhancement of the Series 2005 Bonds, and to pay certain costs of issuance of the Series 2005 Bonds. The proceeds of the Series 2000A Bonds were originally issued to finance a portion of the cost of the acquisition, construction and equipping of the City Justice Center (defined herein). For a description of the City Justice Center, see "**THE PROJECT**" herein.

Security and Sources of Payment for the Series 2005 Bonds

The Series 2005 Bonds and the interest thereon are special obligations of the Corporation payable solely out of the Rentals and Additional Rentals derived by the Corporation from the leasing of the Property (as defined herein) to the City pursuant to the Lease Agreement (as defined herein) and other revenues, moneys and receipts derived by the Trustee pursuant to a Pledge Agreement (as defined herein) by and between the City and the Trustee. For additional information on the security and sources of payment for the Series 2005 Bonds, see "**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2005 BONDS"** herein.

Payment of principal of and interest on the Series 2005 Bonds will be on a parity with the payment on four prior series of bonds issued under the Indenture: the Series 1996A Bonds, the Series 1996B Bonds, the Series 2000 Bonds and the Series 2001 Bonds (collectively with the Series 2005 Bonds, the "Bonds").

Bond Insurance

Ambac Assurance Corporation (the "**Bond Insurer**" or "**Ambac Assurance**") has committed to issue, effective as of the date on which the Series 2005 Bonds are delivered, a financial guaranty insurance policy (the "**Bond Insurance Policy**"), which policy unconditionally guarantees the payment of that portion of the principal of and interest on the Series 2005 Bonds which has become due for payment, but remains unpaid by reason of nonpayment by the Corporation. The Bond Insurance Policy extends for the term of the Series 2005 Bonds and cannot be cancelled by the Bond Insurer. See the captions "**BOND INSURANCE**" herein and the specimen policy included in **Appendix E** to this Official Statement .

Definitions and Summaries of Certain Legal Documents

Summaries of the Indenture, the Lease Agreement and the Pledge Agreement and certain other matters are set forth in Appendix D to this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Indenture, the Base Lease, the Lease Agreement, the Tax Compliance Agreement, the Continuing Disclosure Agreement and the Pledge 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 2005 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 2005 Bonds at the office of the Trustee, UMB Bank, N.A., St. Louis, Missouri, 2 South Broadway, Suite 435, St. Louis, Missouri 63102, (314) 612-8490, or will be provided to any prospective purchaser requesting the same, upon payment by such prospective purchaser of any cost of complying with such request.

THE PROJECT

Background

All City correctional facilities are under the supervision of the Corrections Division of the Department of Public Safety (the "Department") and directed by institutional superintendents who are responsible for their operation. Presently, the City has two operational adult correctional facilities, the Medium Security Institution at 7600 Hall Street, approximately six miles from downtown (the "MSI"), and the City Justice Center located downtown across from City Hall and the District Courthouses. The MSI houses a maximum of 968 prisoners and has a correctional staff of 203. Completed in 1966, the MSI was originally built to house misdemeanor sentenced offenders serving one year or less or City Ordinance violators serving 90 days or less. By 1976, the MSI began housing both pre-trial and sentenced prisoners as the result of efforts of the Department to relieve overcrowding at the City's former municipal jail. In 1996, the City completed a 224-bed expansion of the MSI, which combined with recent reconfigurations of the existing housing units has brought its total capacity to the current total of 968 beds.

Prior to construction of the City Justice Center the U.S. District Court for the Eighth Circuit (the "District Court") established ongoing rules for the City to ensure constitutional standards for pre-trial detainees held by the City. The District Court ordered a short-term plan setting a population cap that met the constitutional mandate of safe and sanitary conditions for confined prisoners and simultaneously provided safety for the citizens of the City. The City and the District Court recognized that the best and most viable long-term solution to the over-crowding at the municipal jail was the construction of a five-floor City Justice Center to be located in downtown St. Louis, Missouri (the "City Justice Center," together with the MSI, the "St. Louis Jail Facilities") and additional detention facilities, if needed.

Since its completion in July, 2002, the City Justice Center has been used as the City's maximum security facility and houses prisoners charged with "high risk" crimes and awaiting trial or transportation to a state facility or being held for criminal prosecution in other jurisdictions.

Description of the City Justice Center

The City Justice Center replaced the former municipal jail and has a total housing capacity of approximately 845 prisoners. Its completion represented a significant addition to the City's correctional justice system, bringing total detention capacity to approximately 1,813 prisoners.

The City Justice Center is located east of City Hall, south of the former Federal Courthouse and west of the newly constructed Federal Courthouse. This site provides convenient access to both the existing circuit courts and police headquarters and accommodates a skywalk connection to the former Federal Courthouse now serving as a criminal courthouse for Missouri's 22nd Judicial Circuit. The City Justice Center serves as a preliminary intake center to determine whether prisoners remanded into custody will stay at the City Justice Center or be transferred to the MSI. Prisoners are booked and held over as necessary at the City Justice Center.

The City Justice Center consists of five floors. Prisoner housing is located on the third through fifth floors, with each floor containing a mezzanine level and consisting of prisoner pods of 64 beds each. The majority of the prisoner population resides in pods utilizing direct supervision management techniques with correctional officers located within each pod instead of in closed control booths. By implementing a direct supervision management philosophy, officers are able to

simultaneously control prisoner behavior and minimize tension, thus helping to facilitate the staff's ability to provide proactive control. The fifth floor is designed for housing prisoners requiring special management and the pods thereon are designed to be subdivided into smaller units. Each floor of the City Justice Center has its own management charged with full administrative, security, programmatic and service delivery responsibilities. This management system is designed to enhance accountability and create a safer internal environment. All prisoner services are delivered to the housing floors in order to minimize prisoner movement. Food, laundry and commissary items are delivered directly to the housing pod. Recreation, as required by detention standards, is provided adjacent to the pod within outdoor/covered exercise areas. Preliminary medical examinations and social worker interviews are held in small multipurpose rooms attached to each pod. Larger multipurpose rooms are provided for religious and educational programs.

The City Justice Center is designed to meet standards established by the American Correctional Association. The facility is also designed to respond to the aesthetic needs of its prominent location and provides a civic presence appropriate to the institution of City government. Groundbreaking for the City Justice Center occurred during the summer of 1999. Construction of the Justice Center was completed without delay, on schedule and within budget.

Lease of Property

Pursuant to a Base Lease, dated as of August 1, 1996, as supplemented by that certain First Supplemental Base Lease, dated as of February 1, 2000, and that certain Second Supplemental Base Lease, dated as of September 1, 2005 (collectively, the "Base Lease"), between the City and the Corporation, the City has leased to the Corporation a leasehold interest in the St. Louis Jail Facilities, including the buildings, structures, improvements and certain equipment and other personal property thereon. Upon the payment of principal and interest on all of the Series 1996B Bonds[1] in accordance with the Indenture, the term of the Base Lease with respect to the portion of the St. Louis Jail Facilities constituting the MSI shall terminate. Such property as leased pursuant to the Base Lease from time to time is referred to herein as the "Property." Pursuant to a Lease Purchase Agreement, dated as of August 1, 1996, as amended and supplemented by that certain First Supplemental Lease Purchase Agreement, dated as of February 1, 2000, and that certain Second Supplemental Lease Purchase Agreement, dated as of September 1, 2005 (collectively, the "Lease Agreement"), between the City and the Corporation, the Corporation has leased back to the City, the Property. See "**SUMMARY OF THE LEASE AGREEMENT**" set forth in Appendix D hereto.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2005 BONDS

General

The Series 2005 Bonds and the interest thereon are special obligations of the Corporation payable solely out of the Rentals and Additional Rentals derived by the Corporation from the leasing of the Property to the City pursuant to the Lease Agreement and other revenues, moneys and receipts derived by the Trustee pursuant to a Pledge Agreement, dated as of August 1, 1996, as amended by that certain First Supplemental Pledge Agreement, dated as of September 1, 2005 (the "Pledge Agreement"), by and between the City and the Trustee. The City has covenanted, subject to annual

[1] The final maturity of the Series 1996B Bonds is February 15, 2012. The Series 1996B Bonds are subject to optional redemption upon the occurrence of certain events relating to casualty, condemnation, change in laws or certain other events. See "THE SERIES 2005 BONDS—Extraordinary Redemption" herein.

appropriation, to pay Rentals and Additional Rentals at such times and in such amounts as are necessary to assure no default in the payment of principal of, premium, if any, and interest on the Series 2005 Bonds. See "**SUMMARY OF THE LEASE AGREEMENT"** and **"SUMMARY OF THE PLEDGE AGREEMENT"** set forth in **Appendix D** hereto.

THE SERIES 2005 BONDS AND THE INTEREST THEREON SHALL NOT BE A DEBT OF THE CITY OR THE STATE, AND NEITHER THE CITY NOR THE STATE SHALL BE LIABLE THEREON, AND THE SERIES 2005 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 AGREEMENT FOR ANYTHING DONE OR OMITTED TO BE DONE BY THE CORPORATION THEREUNDER.

Pursuant to the Lease Agreement, the City has agreed, subject to annual appropriation, to make payments of Rentals and Additional Rentals to the Corporation which obligations of the City have been assigned by the Corporation to the Trustee for the benefit of the Bondholders. For so long as the Series 2005 Bonds are outstanding, the City is required to pay, as Rentals, subject to annual appropriation, to the Trustee, as assignee of the Corporation, amounts corresponding to payments of principal of, premium, if any, and interest on the Bonds as they become due, in immediately available funds, not fewer than five (5) business days before any payment is due. The City covenants that it will pay the Rentals at such times and in such amounts as to assure that no default in the payment of principal of, premium, if any, and interest on the Bonds will occur. If the balance in the Series 2005 Bond Fund Account, after deposits have been made pursuant to the Pledge Agreement, is less than amounts necessary to pay principal of, premium, if any, and interest on the Series 2005 Bonds, the City will pay such deficiency as Rentals. Additional Rentals include, among other things, payments with respect to the Debt Service Reserve Fund, if required. Pursuant to the Pledge Agreement, the City has pledged to the Trustee as additional security for its payment of the Bonds, including the Series 2005 Bonds, certain payments of moneys constituting per diem reimbursements for costs of boarding State prisoners chargeable and billed to the State and credited and payable to the City (the "Pledged Revenues"). See "**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2005 BONDS- Pledged Revenues"** herein.

Although subject to annual appropriation, the City's obligation to make payments of Rentals and Additional Rentals is absolute and unconditional, free of deductions and without abatement, offset, recoupment, diminution or setoff, and must be sufficient to fund debt service on the Bonds, fund the Debt Service Reserve Fund, if required, and to pay all other amounts required under the Lease Agreement and Indenture. Although subject to annual appropriation, the City's obligations under the Lease Agreement are not subject to notice or demand, or abatement, offset, deduction, setoff, counterclaim, recoupment or defense of any right of termination or cancellation arising from any circumstance whatsoever, whether then existing or arising thereafter. Additionally, subject to annual appropriation, the City has agreed in the Lease Agreement that to the extent Rentals and Additional Rentals are insufficient to provide the Corporation and the Trustee with funds sufficient to pay the foregoing, the City will pay as Additional Rentals, upon demand therefor, such further sums of money as may be required from time to time for such purposes.

THE CITY'S PAYMENT OF RENTALS AND ADDITIONAL RENTALS PURSUANT TO THE LEASE AGREEMENT IS SUBJECT TO ANNUAL APPROPRIATION BY THE CITY. IF THE CITY FAILS TO BUDGET AND APPROPRIATE FUNDS FOR RENTALS AND ADDITIONAL RENTALS IN ANY FISCAL YEAR, THE LEASE AGREEMENT WILL

TERMINATE AT THE END OF THE FISCAL YEAR FOR WHICH FUNDS HAVE BEEN APPROPRIATED AND REQUIRE THE CITY TO VACATE THE PROPERTY, WHICH IS A PART OF THE SECURITY FOR THE 2005 BONDS.

Pledged Revenues

Pursuant to Section 221.105 of the Missouri Revised Statutes (2000, as amended), (the "Reimbursement Statute"), the City is entitled to receive from time to time certain payments of moneys from the State for partial per diem costs paid by the City for boarding State prisoners (the "Pledged Revenues"). The Pledged Revenues are chargeable and billed to the State and credited and payable to the City. Pursuant to the Pledge Agreement, the City has pledged the Pledged Revenues to the Trustee as additional security for all bonds issued under the Indenture, including the Series 2005 Bonds.

The Reimbursement Statute, which went into effect in 1976, authorizes the State, subject to annual appropriation, to reimburse counties that have boarded State prisoners in their jails or medium security prisons. (For purposes of reimbursement, the City is treated as a county.) The City boards State prisoners and, accordingly, has received reimbursements under the Reimbursement Statute since its enactment.

The City becomes eligible for payments from the State for State prisoners and prisoners who are held pre-trial on State charges, once they either plead guilty to or are found guilty on State charges. Such prisoners fill approximately 98% of all jail facilities presently in use by the City. The City is also eligible for payments from the State in certain felony cases in which the defendant is acquitted. The City does not, however, receive payments for those prisoners who receive a suspended sentence and are placed on probation, unless and until probation is revoked and the defendant is sentenced to the State penitentiary.

Reasonable projections of future annual City receipts under the Reimbursement Statute can be made by establishing a reimbursement rate, utilizing a weighted average per diem reimbursement rate, average detention population, and the average percentage of the population for which reimbursement is actually received, which is approximately 70% at the present time. In 1996, the State legislature raised the authorized maximum per diem reimbursement rate from $20 to $37.50, effective July 1, 1997. The Reimbursement Statute authorizes a maximum reimbursement rate of $37.50 per diem, which is subject to annual appropriation; however, historically, the State legislature has appropriated funds at less than the maximum authorized rate. The Reimbursement Statute requires the per diem rate to be not less than the amount appropriated in the prior fiscal year; however, in the event of State revenue shortfalls, the Governor of the State has the constitutional power to reduce or withhold payments. The City may receive the reimbursement payments in fiscal periods following those in which the City made expenditures for prisoners eligible for reimbursement, due to the timing of prisoner detention, sentencing, and the City's and State's billing processes.

Prisoner per diem reimbursement rates have fluctuated in recent years increasing to $22.50 in Fiscal Year 1999 and falling back to the current rate of $20 in July 2002. There is no guarantee of any future rate increases. The City's adult detention capacity is 1,813 beds. The current occupancy rate is 84% and the rate of prisoners eligible for reimbursement is approximately 70%.

The following table represents historic and projected fiscal year per diem reimbursements, as well as the authorized and appropriated per diem rates:

Fiscal Year	Prisoner Reimbursements	Appropriated		Authorized Maximum
1994	$2,766,206	$ 14.00		$ 17.00
1995	1,788,515	14.75	(thru 12/31/94)	
		17.00	(beg. l/1/95)	17.00
1996	4,036,846	17.00		17.00
1997	4,401, 601	20.00		20.00
1998	5,646,591	22.00		37.50
1999	5,184,169	22.50		37.50
2000	5,107,984	22.50		37.50
2001	5,383,487	22.50		37.50
2002	5,742,089	22.50		37.50
2003	5,403,500	20.00		37.50
2004	5,389,825	20.00		37.50
2005 (unaudited)	6,591,238	20.00		37.50
2006 (budgeted)	5,848,000*	20.00		37.50

* The budgeted estimate for FY 2006 was established before the final figures for FY 2005 were available and did not reflect the increase in actual reimbursement receipts in FY 2005. The State has withheld payments during the latter part of previous fiscal years due to State budget shortfalls. The City's budget estimate for FY 2006 was lowered to take into account the possibility of this reoccurring.

Funds Created

The Indenture provides for the creation and/or ratification of the following special trust funds and accounts designated as follows:

(a) Bond Fund, including two separate and distinct accounts to be designated the "Series 2005 Bond Account" and the "Pledged Revenue Account"; and
(b) Debt Service Reserve Fund; and
(c) Costs of Issuance Fund, including a separate and distinct account designated the "Series 2005 Costs of Issuance Account."

The moneys in the above funds and accounts shall be held by the Trustee and shall be applied in accordance with the provisions of the Indenture and the Lease Agreement. The Escrow Agreement creates an Escrow Account held by the Trustee as Escrow Agent for the Refunded Bonds.

Debt Service Reserve Fund

As additional security for the outstanding City Justice Center Leasehold Revenue Bonds, including the Series 2005 Bonds, the Indenture established the Debt Service Reserve Fund. The Debt Service Reserve Fund requirement attributable to the outstanding Bonds, including the Series 1996A Bonds, the Series l996B Bonds, the Series 2000 Bonds and the Series 2001 Bonds, is approximately $12,702,497, declining as Bonds are paid. This reserve fund deposit was originally funded from the proceeds of the Series 1996A Bonds, the Series 1996B Bonds and the Series 2000A Bonds. In conjunction with the issuance of the Series 2005 Bonds, the Debt Service Reserve Requirement is expected to be satisfied by the purchase of a Surety Bond (the "Surety") from Ambac Assurance Corporation (the "Surety Provider").

Except as otherwise provided in the Indenture, funds on deposit in the Debt Service Reserve Fund will be used and applied by the Trustee solely to prevent a default in the event moneys on deposit in the Bond Fund, including the Pledged Revenue Account, are insufficient to pay the principal of and interest on all outstanding Bonds, including the Series 2005 Bonds, when due. Moneys on deposit in the Debt Service Reserve Fund may be used to pay Series 2005 Bonds called for redemption or to purchase Series 2005 Bonds in the open market, prior to their Stated Maturity, provided all Outstanding Bonds under the Indenture, including the Series 2005 Bonds, are called for redemption or purchased and sufficient funds are available therefor. Moneys on deposit in the Debt Service Reserve Fund will be used to pay and retire the Bonds last becoming due unless such Bonds and all interest thereon are otherwise paid. The Trustee is required to value to market, exclusive of accrued interest, on a quarterly basis, Permitted Investments on deposit in the Debt Service Reserve Fund. In the event that on any such date of valuation the amount on deposit in the Debt Service Reserve Fund shall aggregate an amount less than the Debt Service Reserve Requirement by reason of such valuation, the City is required to make up any deficiency as Additional Rentals no later than the next valuation date.

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

Other Outstanding Bonds Under the Indenture

In addition to the Series 2005 Bonds, four series of bonds have been issued under the Indenture and are payable from the Rentals and Pledged Revenues on a parity with the Series 2005 Bonds. The additional parity bonds are the Corporation's Leasehold Revenue Improvement Bonds, Series 1996A, dated as of August 15, 1996, issued in the original principal amount of $75,705,000 which remain outstanding in the aggregate principal amount of $6,910,000; the Corporation's Leasehold Revenue Improvement and Refunding Bonds, Series 1996B, dated as of August 15, 1996, issued in the original principal amount of $34,335,000, which remain outstanding in the aggregate principal amount of $20,225,000; the Corporation's Leasehold Revenue Improvement Bonds, Series 2000A, dated as of February 1, 2000, issued in the original principal amount of $22,025,000, and outstanding in the aggregate principal amount of $3,765,000 after the refunding; and the Corporation's Leasehold Revenue Refunding Bonds, Series 2001A, dated September 1, 2001, issued and outstanding in the aggregate principal amount of $62,205,000 (collectively, the "Outstanding Bonds").

Amendments to Bond Documents

Certain provisions of the existing bond documents are being amended concurrently with the issuance of the Series 2005 Bonds. First, the Indenture is being amended to clarify that the pro rata distribution of excess funds in the Debt Service Reserve Fund among the various bond accounts in the Bond Fund is to be on a pro rata based on the principal amounts of the respective series of Bonds then Outstanding.

Second, the Indenture is being revised to amend the order of application of monies in the Bond Fund so that debt service on the Bonds is payable first from the monies then on deposit in the respective bond accounts in the Bond Fund, second from Pledged Revenues, and third from Rentals and Additional Rentals paid by the City under the Lease Agreement. The Lease Agreement and the Pledge Agreement are also being amended to account for this change.

Third, the Fourth Supplemental Indenture amends the Indenture to provide that in the event that the sum on deposit in the Debt Service Reserve Fund exceeds the Debt Service Reserve Fund Requirement by reason of the issuance of Additional Bonds refunding a portion or all of one or more series of Bonds, the Corporation may direct the Trustee to transfer such funds in excess of the Debt Service Reserve Fund Requirement to the accounts or subaccounts of the Bond Fund associated with the series of Bonds being refunded to be used to redeem such series of Bonds.

Finally, the Base Lease is being amended to clarify that the Base Lease terminates February 15, 2040, unless terminated earlier because of defeasance of the Bonds in the absence of an Event of Non-Appropriation or an Event of Default under the Lease Agreement.

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 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 2005 Bonds and any other Outstanding Bonds, at any time and from time to time, upon compliance with the conditions provided in the Indenture for the purpose of:

(a) paying the costs of completing the Project, such costs to be evidenced by a certificate signed by a City Representative and a Corporation Representative, with the prior written consent of the Credit Provider; or

(b) providing funds for refunding all or any part of the Bonds of any series then Outstanding, including the payment of any redemption premium thereon and interest to accrue to the designated Redemption Date and any expenses in connection with such refunding.

BOND INSURANCE

The following information has been furnished by the Bond Insurer for use in this Official Statement. Reference is made to Appendix E to this Official Statement for a specimen of the Bond Insurance Policy.

Payment Pursuant to the Bond Insurance Policy

Ambac Assurance has made a commitment to issue a Bond Insurance Policy relating to the Series 2005 Bonds effective as of the date of issuance of the Series 2005 Bonds. Under the terms of the Financial Guaranty Insurance Policy, the Bond Insurer will pay to The Bank of New York, in New York, New York or any successor thereto (the "**Insurance Trustee**") that portion of the principal of and interest on the Series 2005 Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Corporation (as such terms are defined in the Bond Insurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Trustee. The insurance will extend for the term of the Series 2005 Bonds and, once issued, cannot be canceled by the Bond Insurer.

The Bond Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Series 2005 Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Series 2005 Bonds, the Bond Insurer will remain obligated to pay principal of and interest on outstanding Series 2005 Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Series 2005 Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Trustee has notice that any payment of principal of or interest on a Series 2005 Bond which has become Due for Payment and which is made to a Holder by or on behalf of the Corporation has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available.

The Bond Insurance Policy does not insure any risk other than Nonpayment, as defined in the Bond Insurance Policy. Specifically, the Bond Insurance Policy does not cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity.

2. payment of any redemption, prepayment or acceleration premium.

3. nonpayment of principal or interest caused by the insolvency or negligence of any Trustee, Paying Agent or Bond Registrar, if any.

If it becomes necessary to call upon the Bond Insurance Policy, payment of principal requires surrender of Series 2005 Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Series 2005 Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Bond Insurance Policy. Payment of interest pursuant to the Bond Insurance Policy requires proof of Holder entitlement to interest payments and an appropriate assignment of the Holder's right to payment to the Bond Insurer.

Upon payment of the insurance benefits, the Bond Insurer will become the owner of the Series 2005 Bond, appurtenant coupon, if any, or right to payment of principal or interest on such Series 2005 Bond and will be fully subrogated to the surrendering Holder's rights to payment.

Debt Service Reserve Fund Surety Bond

The Indenture requires the establishment of a Debt Service Reserve Fund in an amount equal to $12,702,497. The Indenture authorizes the Corporation to obtain a Surety Bond in place of fully funding the Debt Service Reserve Fund. Accordingly, application has been made to Ambac Assurance for the

issuance of a Surety Bond for the purpose of funding the Debt Service Reserve Fund (see the "Indenture" herein). The Series 2005 Bonds will only be delivered upon the issuance of such Surety Bond. The premium on the Surety Bond is to be fully paid at or prior to the issuance and delivery of the Series 2005 Bonds. The Surety Bond provides that upon the later of (i) one (1) day after receipt by Ambac Assurance of a demand for payment executed by the Trustee certifying that provision for the payment of principal of or interest on the Series 2005 Bonds when due has not been made or (ii) the interest payment date specified in the Demand for Payment submitted to Ambac Assurance, Ambac Assurance will promptly deposit funds with the Paying Agent sufficient to enable the Paying Agent to make such payments due on the Series 2005 Bonds, but in no event exceeding the Surety Bond Coverage, as defined in the Surety Bond.

Pursuant to the terms of the Surety Bond, the Surety Bond Coverage is automatically reduced to the extent of each payment made by Ambac Assurance under the terms of the Surety Bond and the Corporation is required to reimburse Ambac Assurance for any draws under the Surety Bond with interest at a market rate. Upon such reimbursement, the Surety Bond is reinstated to the extent of each principal reimbursement up to but not exceeding the Surety Bond Coverage. The reimbursement obligation of the Corporation is subordinate to the Corporation's obligations with respect to the Series 2005 Bonds.

In the event the amount on deposit, or credited to the Debt Service Reserve Fund, exceeds the amount of the Surety Bond, any draw on the Surety Bond shall be made only after all the funds in the Debt Service Reserve Fund have been expended. In the event that the amount on deposit in, or credited to, the Debt Service Reserve Fund, in addition to the amount available under the Surety Bond, includes amounts available under a letter of credit, insurance policy, Surety Bond or other such funding instrument (the "Additional Funding Instrument"), draws on the Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency. The Indenture provides that the Debt Service Reserve Fund] shall be replenished in the following priority: (i) principal and interest on the Surety Bond shall be paid from first available Revenues; (ii) after all such amounts are paid in full, amounts necessary to fund the Debt Service Reserve Fund to the required level, after taking into account the amounts available under the Surety Bond shall be deposited from next available Revenues.

The Surety Bond does not insure against nonpayment caused by the insolvency or negligence of the Trustee or the Paying Agent.

Ambac Assurance Corporation

Ambac Assurance is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately $8,585,000,000 (unaudited) and statutory capital of $5,251,000,000 (unaudited) as of March 31, 2005. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Standard & Poor's Credit Markets Services, a Division of The McGraw-Hill Companies, Moody's Investors Service and Fitch Ratings have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in its Financial Guaranty insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Corporation of the Series 2005 Bonds. **No representation is made by Ambac Assurance**

regarding the federal income tax treatment of payments that are made by Ambac Assurance under the terms of the Policy due to nonappropriation of funds by the Lessee.

Ambac Assurance makes no representation regarding the Series 2005 Bonds or the advisability of investing in the the Series 2005 Bonds and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by Ambac Assurance and presented under the heading "**BOND INSURANCE."**

Available Information

The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at http://www.sec.gov that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc. (the "NYSE"), 20 Broad Street, New York, New York 10005.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices and its telephone number are One State Street Plaza, 19th Floor, New York, New York, 10004 and (212) 668-0340.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the SEC (File No. 1-10777) are incorporated by reference in this Official Statement:

1. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004 and filed on March 15, 2005;

2. The Company's Current Report on Form 8-K dated April 5, 2005 and filed on April 11, 2005;

3. The Company's Current Report on Form 8-K dated and filed on April 20, 2005;

4. The Company's Current Report on Form 8-K dated May 3, 2005 and filed on May 5, 2005;

5. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2005 and filed on May 10, 2005;

6. The Company's Current Report on Form 8-K dated and filed on July 20, 2005;

7. The Company's Current Report on Form 8-K dated July 28, 2005 and filed on August 2, 2005; and

8. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended June 30, 2005 and filed on August 9, 2005.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in **"Available Information".**

THE SERIES 2005 BONDS

General

The Series 2005 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 (as defined herein) will receive certificates representing their respective interest in the Series 2005 Bonds, except in the event the Corporation issues replacement bonds. Ownership and subsequent transfers of ownership will be reflected by book-entry on the records of DTC and the Participants (as defined herein).

The Series 2005 Bonds will be issued in denominations of $5,000 or any integral multiple thereof, will be dated their date of delivery, and will bear interest on a current basis from that date, payable beginning February 15, 2006, and semi-annually thereafter on each February 15 and August 15, at the rates and will mature on February 15 in the years, set forth on the inside cover page hereof.

The Series 2005 Bonds will be subject to optional redemption and extraordinary redemption prior to maturity as described below.

Interest on the Series 2005 Bonds will be payable by check or draft mailed to each registered owner in whose name any Series 2005 Bond is registered as of the close of business on the first day of the calendar month in which the interest is to be paid. Upon the written request delivered to the Paying Agent at least five days prior to a Record Date next preceding an Interest Payment Date by any holder of at least $1,000,000 principal amount of Series 2005 Bonds, payment of principal and interest to such holder will be made by wire transfer to an account designated by such Holder, such written notice to include the name and ABA routing number of the bank to which such transfer is to be made.

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

Optional Redemption

The Series 2005 Bonds bearing a Stated Maturity of February 15, 2015, and before shall not be subject to redemption prior to their Stated Maturities. The Series 2005 Bonds bearing a Stated Maturity of February 15, 2016, and thereafter shall be subject to optional redemption and payment prior to their Stated Maturities at the election of the Corporation, upon direction and instruction by the City) as a whole on February 15, 2015, and at any time thereafter, and in part on such date or on any Interest Payment Date thereafter, and if in part in such order as the Corporation shall determine, upon the direction and instruction by the City in its sole discretion, at the respective redemption prices (expressed as a percentage of principal amount) set forth in the following table, plus accrued interest thereon to the Redemption Date:

Redemption Dates (Dates Inclusive)	**Redemption Price**
February 15, 2015, and thereafter	100%

Extraordinary Redemption

The Bonds are subject to extraordinary redemption and payment prior to their respective Stated Maturities by the Corporation upon instructions from the City on any date, 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 Property is condemned by any authority having power of eminent domain;

(2) if the Corporation's interest in substantially all of the Property is found to be deficient or nonexistent to the extent that the St. Louis Jail Facilities are untenantable or the efficient utilization thereof by the City is impaired;

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

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

The Bonds redeemed in connection with the occurrence of any of the conditions or events described above shall be redeemed at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption and payment without a premium.

Selection of Series 2005 Bonds to be Redeemed

When less than all of the Outstanding Series 2005 Bonds are to be redeemed and paid prior to maturity, such Series 2005 Bonds shall be selected by the Corporation, upon the direction of the City, from the Outstanding Series 2005 Bonds and within a maturity 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 Series 2005 Bonds of a denomination larger than $5,000. The portions of the principal of Outstanding Series 2005 Bonds so selected for partial redemption shall be equal to $5,000 or integral multiples thereof.

Notice and Effect of Call for Redemption

Notice of any redemption of Series 2005 Bonds shall be given by the Trustee, by mailing a copy of the redemption notice by first class mail, postage prepaid, at least thirty (30) days, but not more than sixty (60) days prior to the Redemption Date to each Holder of Series 2005 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) the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2005 Bonds to be redeemed; (d) that on the Redemption Date the redemption prices will become due and payable upon such Series 2005 Bonds, and that interest thereon shall cease to accrue from and after said date; and (e) the place where such Series 2005 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.

Prior to any date fixed for redemption pursuant to the Indenture and prior to the giving of notice of redemption of any Series 2005 Bonds, there shall be deposited with the Trustee funds sufficient or United States Government Obligations, maturing as to principal and interest at such times and in such amounts as to provide funds sufficient, to pay the principal of Series 2005 Bonds to be called for redemption and accrued interest thereon on the Redemption Date and the redemption premium, if any, provided, however, the requirements for such deposit need not be met to the extent such redemption is to be made with the proceeds of Additional Bonds to be issued to refund all or part of the Series 2005 Bonds to be redeemed. Any redemption pursuant to the Indenture shall be made only from and/or to the extent of the funds or United States Government Obligations so deposited with the Trustee. Upon the happening of the above conditions, and notice having been given as described above, the Series 2005 Bonds or the portions of the principal amount of Series 2005 Bonds thus called for redemption shall cease to bear interest on their Redemption Date, provided funds or United States Governmental Obligation sufficient for the payment of principal of, redemption premium, if any, and accrued interest are on deposit at the place of payment at that time, and shall no longer be entitled to the protection, benefit or security of the Indenture and shall not be deemed to be Outstanding under the Indenture.

Registration, Transfer and Exchange

The registration of the transfer of any Series 2005 Bond may be made only upon surrender of the Series 2005 Bonds to the Trustee duly endorsed for transfer or accompanied by a written instrument duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee. Series 2005 Bonds may be exchanged for other Series 2005 Bonds of any denomination authorized by the Indenture in the same aggregate principal amount, and stated maturity, upon presentation to the Trustee, subject to the terms, conditions and limitations of the Indenture and upon payment of any tax or other governmental charge required to be paid with respect to any such exchange or registration of transfer. The record date for the payment of interest on the Series 2005 Bonds is the first day (whether or not a Business Day) of the calendar month of each interest payment date. The Series 2005 Bonds are being issued in book-entry only form with a single global bond certificate for each maturity of the Series 2005 Bonds to be delivered by the Corporation to the initial purchasers for deposit with DTC. The Series 2005 Bonds shall be registered on the Bond Register in the name of the Nominee. For so long as the Nominee the registered owner of the Series 2005 Bonds, all such payments will be made to DTC.

Book-Entry Only System

General. Ownership interests in the Series 2005 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 2005 Bonds. The Series 2005 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 2005 Bonds, in the aggregate principal amount of each maturity of the Series 2005 Bonds, and will be deposited with DTC. The following discussion will not apply to any Series 2005 Bonds issued in certificate form due to the discontinuance of the DTC Book-Entry System, as described below.

So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2005 Bonds, the Beneficial Owners of the Series 2005 Bonds will not receive or have the right to receive physical delivery of the Series 2005 Bonds, and references herein to the Bondholders or registered owners of the Series 2005 Bonds mean the Nominee and not the Beneficial Owners of the Series 2005 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 2.2 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. 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.dtcc.org.

Purchase of Ownership Interests. Purchases of Series 2005 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2005 Bonds on DTC's records. The ownership interest of each actual purchaser of a Series 2005 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 2005 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 2005 Bonds, except in the event that use of the book-entry system for the Series 2005 Bonds is discontinued.

Transfers. To facilitate subsequent transfers, all Series 2005 Bonds deposited by Direct Participants with DTC are registered in the name of the Nominee, or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2005 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 2005 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2005 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 2005 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2005 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Series 2005 Bond documents. For example, Beneficial Owners of Series 2005 Bonds may wish to ascertain that the Nominee holding the Series 2005 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 2005 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Series 2005 Bonds to be redeemed.

Voting. Neither DTC nor the Nominee will consent or vote with respect to Series 2005 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 2005 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal and Interest. Payments of the principal of, and interest and premium, if any, on the Series 2005 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 principal, premium, if any, and interest on the Series 2005 Bonds 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 2005 Bonds at any time by giving notice to the Corporation or the Trustee. Bond certificates may be printed and delivered to those persons to whom transfer is requested in written transfer instruction in the event that (a) DTC shall so resign or discontinue its services for the Series 2005 Bonds and the Corporation is unable to locate a qualified successor within

two months following such resignation, (b) the Corporation determines that DTC is incapable of discharging its duties and the Corporation is unable to locate a qualified successor within two months following such determination, or (c) upon a determination by the Corporation that the continuation of a book-entry system described herein, which precludes the issuance of certificates to any Holder other than DTC (or its nominee) is no longer in the best interest of the beneficial owners of the Series 2005 Bonds, then the Corporation shall notify the beneficial owners of such resignation or determination and of the availability of Replacement Bonds to beneficial owners of the Series 2005 Bonds requesting the same and registration, transfer and exchange of such Series 2005 Bonds will be conducted as provided in the Indenture.

The information in this section concerning DTC and DTC's 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 take 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 Participant of any amount due to any Beneficial Owner in respect of the principal of, premium, if any, or interest on the Series 2005 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 2005 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 2005 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 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 PARTICIPANT 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 BENEFICIAL OWNER, OF ANY SUCH NOTICE AND ITS CONTENT OR EFFECT SHALL NOT AFFECT THE VALIDITY OF ANY ACTION PREMISED ON SUCH NOTICE.

PLAN OF REFUNDING

The Bonds are being issued to refund $14,360,000 aggregate principal amount of the Series 2000A Bonds, maturing on February 15, 2006, and on February 15, 2011 and thereafter (collectively, the "Refunded Bonds") A portion of the Series 2005 Bond proceeds will be deposited into an escrow account (the "Escrow Account") created pursuant to an Escrow Agreement dated as of September 1, 2005 (the "Escrow Agreement"), among the City, the Corporation, and UMB Bank, N.A., Kansas City, Missouri (the "Escrow Agent"). Pursuant to the Escrow Agreement, the Escrow Agent will use such amounts to purchase investments that mature at such times and in such amounts as will be sufficient to pay the principal of, the redemption premium, if any, and the accrued interest on all of the Refunded Bonds being redeemed to their maturity date or to the date set forth for redemption, as the case may be. The sufficiency of such amounts will be verified by AMTEC Corporation of West

Hartford, Connecticut, as the verification agent ("Verification Agent") See "**VERIFICATION OF ARITHMETICAL AND MATHEMATICAL CALCULATIONS**" herein.

Amounts on deposit in the Escrow Account are not available to pay principal, interest or redemption premium on other Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

Sources of Funds	
Par Amount of Series 2005 Bonds	$15,485,000.00
Net Original Issue Premium	503, 958.30
TOTAL SOURCES OF FUNDS	$15,988,958.30
Uses of Funds:	
Deposit to Escrow Account	$15,421,374.86
Costs of Issuance (1)	567,583.44
TOTAL USES OF FUNDS	$15,988,958.30

(1) Includes underwriting discount, financial guaranty insurance policy premium, surety bond premium and other costs of issuance associated with the Series 2005 Bonds.

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DEBT SERVICE REQUIREMENTS FOR THE SERIES 2005 BONDS

The following table shows the remaining annual debt service of the Corporation for its Outstanding Bonds issued under the Indenture, annual debt service for the Series 2005 Bonds and total debt service for the fiscal years set forth below:

Fiscal Year ending June 30	1996A Debt Service	1996B Debt Service	2000A* Debt Service	2001A Debt Service	2005A Debt Service	Total Debt Service
2006	$2,561,955.00	$3,251,977.50	$ 542,450.00	$3,246,113.76	$423,322.85	$10,025,819.11
2007	2,561,150.00	3,254,137.50	1,065,950.00	3,449,483.76	793,528.76	11,124,819.02
2008	2,560,800.00	3,254,175.00	1,066,580.00	3,445,308.76	794,928.76	11,121,792.52
2009		3,251,710.00	1 ,069,457.50	6,009,953.76	760,022.50	11,127,143.76
2010		3,255,090.00	1,068,795.00	6,006,143.76	796,797.50	11,126,826.26
2011		3,255,910.00		6,006,943.76	1,862,275.00	11,125,128.76
2012		5,638,900.00		7,053,518.76	1,860,100.00	14,552,518.76
2013				9,023,093.76	1,862,850.00	10,885,943.76
2014				9,022,806.26	1,862,350.00	10,885,156.26
2015				9,023,437.50	1,863,600.00	10,887,037.50
2016				9,023,087.50	1,861,350.00	10,884,437.50
2017				9,022,535,00	1,865,600.00	10,888,125.00
2018				9,021,350.00	1,861,800.00	10,883,150.00
2019				2,246,887.50	1,865,600.00	4,112,847.50
2020					1,861,600.00	1,861,600.00

* Table reflects outstanding debt service after this refunding.

BONDHOLDERS' RISKS

The Series 2005 Bonds involve certain risks, and the discussion below should be reviewed in evaluating these risks. The Series 2005 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 2005 Bonds and should confer with their own legal and financial advisors. The following discussion of risk factors is not intended to be exhaustive.

General

The Series 2005 Bonds are special obligations of the Corporation, payable solely out of the Rentals and Additional Rentals derived by the Corporation from leasing of the Property to the City pursuant to the Lease Agreement and other revenues, moneys and receipts derived by the Trustee pursuant to the Pledge Agreement. The Corporation has no taxing power, the Series 2005 Bonds and the interest thereon are not a debt of the City or the State and neither the City nor the State is liable

thereon, and the Series 2005 Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Event of Non-Appropriation

No representation or assurance can be given that the City will appropriate revenues in amounts sufficient to make payments of Rentals and Additional Rentals under the Lease Agreement. The appropriation by the City of future revenues to be paid under the Lease Agreement is dependent upon, among other things, government regulations, the capabilities of the management of the City and future changes in economic and other conditions that are unpredictable and cannot be determined at this time. Failure by the City to appropriate funds in any fiscal year to make payments of Rentals and Additional Rentals when due constitutes an Event of Non-Appropriation under the Lease Agreement pursuant to which the Trustee may terminate the Lease Agreement and require the City to vacate the Property.

No Restrictions on Use of Facility After Default Under Lease Agreement

If an Event of Default occurs for any reason with respect to the City under the Lease Agreement or if the City terminates the Lease Agreement and fails to purchase the Corporation's interest in the Property, the Corporation has the right to possession of the Property for the remainder of the Base Lease Term and may sublease the property or sell its interest in the Base Lease or the property upon whatever terms and conditions it deems prudent. If the Corporation assigns or sells its interest in the Property under these circumstances, no assurances can be given that interest on the Series 2005 Bonds would continue to be exempt from federal or State income taxation. See "**TAX MATTERS – Future Events**" herein.

Certain Matters Relating to Enforceability

The remedies available upon a default under the Indenture, the Lease Agreement and the Pledge Agreement will, in many respects, be dependent upon judicial actions, which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including the United States Bankruptcy Code and State laws concerning the use of assets of certain organizations, the remedies specified in the Indenture, the Lease Agreement and Pledge Agreement may not be readily available or may be limited. The various legal opinions to be delivered in connection with the issuance of the Series 2005 Bonds will be expressly subject to the qualification that the enforceability of the Indenture, the Lease Agreement, the Pledge Agreement and other legal documents is limited by bankruptcy, reorganization, insolvency, moratorium and other similar laws affecting the rights of creditors and by the exercise of judicial discretion in appropriate cases.

ST. LOUIS MUNICIPAL FINANCE CORPORATION

Organization, Powers and Purposes

The Corporation, a nonprofit corporation duly organized in 1991 and existing under the laws of the State, was created to lessen the burden of the government of the City by financing or acquiring, leasing or subleasing real property and any improvements and personal property thereon, to the City. In furtherance of its purposes, the Corporation may borrow money, invest, disburse funds and issue bonds. Neither the Board of Directors of the Corporation (the "Board of Directors") nor any person executing the Series 2005 Bonds is personally liable on the Series 2005 Bonds by reason

of the issuance thereof. The Series 2005 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 officers been duly authorized to execute and deliver the Lease Agreement, the Base Lease and the Indenture.

Board of Directors/Officers

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

1) The Mayor of the City or designee.

2) The Comptroller of the City or designee.

3) The President of the Board of Aldermen or designee.

4) The City Counselor of the City or designee.

5) The Budget Director of the City or designee.

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

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, 2004, 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, 2004, and have not conducted any procedures with respect to the fiscal year 2004 financial statements subsequent to their audit.

RATING

Moody's Investors Service, Inc. has assigned a rating of Aaa to the Series 2005 Bonds, with the understanding that, upon delivery of the Series 2005 Bonds, a financial guarantee insurance policy will be issued by AMBAC Assurance Corporation. Such rating reflects only the view of such organization and any desired explanation of the significance of the rating should be obtained from the rating agency, at the following address: Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2005 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 2005 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 2005 Bonds or questioning or affecting the validity of the Series 2005 Bonds or the proceedings and authority under which they are to be issued.

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

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS

The accuracy of the arithmetical and mathematical computations (a) of the adequacy of the maturing principal amounts of the securities on deposit in the Escrow Account, together with the interest income thereon, if any, and uninvested cash, if any, to pay, the principal of and interest and premium, if any, on the Refunded Bonds, to and including their respective maturity date and the final redemption date and (b) the yields on the Refunded Bonds and the securities on deposit in the Escrow Account have been verified by AMTEC Corporation. Such verification of arithmetical accuracy and mathematical computations shall be based upon information and assumptions supplied by the Corporation and the City and on interpretations of the Code, provided by Co-Bond Counsel. AMTEC Corporation has restricted its procedures to verifying the accuracy of certain mathematical computations and has not made any study or evaluation of the assumptions and information on which the computations are based and, accordingly, has not expressed any opinion on the data used, the reasonableness of the assumptions or the achievability of the anticipated outcome.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, issuance and sale of the Series 2005 Bonds and with regard to the tax-exempt status of the Series 2005 Bonds are subject to the approving legal opinions of Armstrong Teasdale LLP, St. Louis, Missouri, and Pugh, Jones, Johnson & Quandt, P.C., Chicago, Illinois, Co-Bond Counsel, whose approving opinions will be delivered with the Series 2005 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, Hardwick Law Firm LLC, Kansas City, Missouri and The Stolar Partnership LLP, St. Louis, Missouri.

Co-Bond Counsel have not assisted in the preparation of this Official Statement except those portions of this Official Statement under the captions "**THE SERIES 2005 BONDS", "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2005 BONDS", "APPROVAL OF LEGAL PROCEEDINGS", "TAX MATTERS,"** and **Appendixes C, D and E** 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

Federal Income Taxes

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 2005 Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2005 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2005 Bonds. The Corporation has covenanted in the Indenture and the Corporation and the City have covenanted in the Lease Agreement and the Tax Compliance Agreement to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2005 Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code.

In the opinion of Co-Bond Counsel, under existing law and assuming compliance with the aforementioned covenants, interest on the Series 2005 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Co-Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2005 Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

State Taxes

In the opinion of Co-Bond Counsel, interest on the Series 2005 Bonds is exempt from taxes imposed by the State of Missouri under Chapter 143 of the Revised Statutes of Missouri; provided, however, that no opinion is expressed as to the applicability of the taxes imposed by the State of Missouri on financial institutions under Chapter 148 of the Revised Statutes of Missouri.

Original Issue Premium.

The Series 2005 Bonds to be sold in the initial offering at a price greater than the principal amount thereof (the "Premium Bonds"), are offered at a price in excess of the principal amount thereof resulting in a yield less than the interest rate for each such maturity as shown on the inside cover page hereof. Under the Code, the difference between the principal amount of a Premium Bond and the cost basis of such Premium Bond to an owner thereof is "bond premium." Under the Code, bond premium is amortized over the term of a Premium Bond (i.e., the maturity date of a Premium Bond or its earlier call date) for federal income tax purposes. An owner of a Premium Bond is required to decrease his or her basis in such Premium Bond by the amount of the amortizable bond premium attributable to each tax year (or portion thereof) he or she owns such Premium Bond. The amount of amortizable bond premium attributable to each tax year is determined on an actuarial basis at a constant interest rate determined with respect to the yield on a Premium Bond compounded on

each interest payment date. The amortizable bond premium attributable to a tax year is not deductible for federal income tax purposes. Owners of Premium Bonds (including purchasers of Premium Bonds in the secondary market) should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption or other disposition of such Premium Bonds and with respect to the state and local tax consequences of owning and disposing of such Premium Bonds.

Certain Federal Tax Information

General. The following is a discussion of certain additional tax matters under existing statutes. It does not purport to deal with all aspects of federal taxation that may be relevant to particular investors. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2005 Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Social Security and Railroad Retirement Payments. The Code provides that interest on tax-exempt obligations is included in the calculation of modified adjusted gross income in determining whether a portion of Social Security or railroad retirement benefits received are to be included in taxable income.

Branch Profits Tax. The Code provides that interest on tax-exempt obligations is included in effectively connected earnings and profits for purposes of computing the branch profits tax on certain foreign corporations doing business in the United States.

Borrowed Funds. The Code provides that interest paid (or deemed paid) on borrowed funds used during a tax year to purchase or carry tax-exempt obligations is not deductible. In addition, under rules used by the Internal Revenue Service for determining when borrowed funds are considered used for the purpose of purchasing or carrying particular assets, the purchase of obligations may be considered to have been made with borrowed funds even though the borrowed funds are not directly traceable to the purchase of such obligations.

Property and Casualty Insurance Companies. The Code contains provisions relating to property and casualty insurance companies whereunder the amount of certain loss deductions otherwise allowed is reduced (in certain cases below zero) by a specified percentage of, among other things, interest on tax-exempt obligations acquired after August 7, 1986.

Financial Institutions. The Code provides that commercial banks, thrift institutions and other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than certain "qualified" obligations. The Series 2005 Bonds are not "qualified" obligations for this purpose.

S Corporations. The Code imposes a tax on excess net passive income of certain S corporations that have subchapter C earnings and profits. Interest on tax-exempt obligations must be included in passive investment income for purposes of this tax.

Earned Income Credit. For any taxable year beginning after December 31, 1995, the Code denies the earned income credit to persons otherwise eligible for it if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds $2,200, subject to adjustment for

inflation for taxable years beginning after December 31, 1996. Interest on the Series 2005 Bonds will constitute disqualified income for this purpose.

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 the interest on the Series 2005 Bonds, and thus on the economic value of the Series 2005 Bonds. This could result from reductions in federal income tax rates, changes in the structure of the federal income tax rates, changes in the structure of the federal income tax or its replacement with another type of tax, repeal of the exclusion of the interest on the Series 2005 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 holders of the Series 2005 Bonds may be proposed or enacted.

Future Events

Co-Bond Counsel have not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2005 Bonds may affect the tax status of interest on the Series 2005 Bonds. Co-Bond Counsel express no opinion as to any federal, state or local tax law consequences with respect to the Series 2005 Bonds, or the interest thereon, if any action is taken with respect to the Series 2005 Bonds or the proceeds thereof upon the advice or approval of other counsel.

FINANCIAL ADVISOR

P.G. Corbin & Company, 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 2005 Bonds and have assisted in the preparation of this Official Statement. The information set forth herein has been obtained from the Corporation, the City and other sources which are believed to be reliable. The 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

Bear, Stearns & Co. Inc. and the other underwriters listed on the cover of this Official Statement (collectively, the "Underwriters"), have agreed to purchase the Series 2005 Bonds from the Corporation at an aggregate purchase price equal to $15,988,958.30 (which includes an underwriters' discount and net original issue premium, less the financial insurance guaranty policy premium and surety bond premium, pursuant to a Bond Purchase Agreement with the Corporation and the City (the "Bond Purchase Agreement"). The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2005 Bonds if any are purchased.

The Series 2005 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 2005 Bonds to one or more purchasers on such terms and conditions and at such price or prices as the Underwriters determine.

CERTAIN RELATIONSHIPS

Armstrong Teasdale LLP, St. Louis, Missouri, is serving as Co-Bond Counsel with respect to the issuance of the Series 2005 Bonds, and also represents the City, certain of the Underwriters and the Trustee from time to time on other transactions or matters. The Hardwick Law Firm LLC, Kansas City, Missouri and The Stolar Partnership LLP, St. Louis, Missouri, are serving as co-counsel to the Underwriters in connection with the issuance of the Series 2005 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 documents. The definitive form of the Continuing Disclosure Agreement may be reviewed prior to the delivery of the Series 2005 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 2005 Bonds at the office of the Trustee, UMB Bank, N.A., St. Louis, Missouri, 2 South Broadway, Suite 435, St. Louis, Missouri 63102 (314) 612-8490, 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 2005 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 2004 Fiscal Year, and (ii) notice of the occurrence of certain enumerated events, if material. The Annual Report will be provided by or on behalf of the City to any person who requests it and to each Nationally Recognized Municipal Securities Information Repository (each a "National Repository") and the repository for the State of Missouri (the "State Repository"), if any. The notices of material events will be filed by or on behalf of the City with the Municipal Securities Rulemaking Board or to each National Repository) and the State Repository, if any.

Any default in compliance with such covenants shall not be deemed an Event of Default under the Indenture, and the sole remedy in the event of any failure of the City or UMB Bank, N.A., acting in its capacity as dissemination agent or any successor dissemination agent designated in writing by the City (the "Dissemination Agent") to comply with such covenants 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 and Other Statistics," "Employment," "Major Employers," "Economic Development," and "Budget and Construction Data;"**

(b) "**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 2005 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 2005 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 2005 Bonds, or
11. ratings 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 a notice of such occurrence with each National Repository or the Municipal Securities Rulemaking Board and the State Repository, if any, with a copy to the City, the Credit Provider, 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 2005 Bonds shall be UMB Bank, 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.

In the event of a failure of the City or the Dissemination Agent to comply with any provision of the Continuing Disclosure Agreement, the Trustee may (and, at the request of any Underwriter, the Credit Provider or the owners of at least 25% aggregate principal amount of outstanding Series 2005 Bonds, shall), or any owner or Beneficial Owner of Series 2005 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.

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 2005 Bonds. Any statement made in this Official Statement involving matters of opinion herein are subject to change without notice and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City, or its agencies and authorities, the Corporation or the Credit Provider since the date hereof.

This Official Statement, its execution, and its delivery to and distribution by the Underwriters to prospective purchasers of the Series 2005 Bonds, have been approved and authorized by the Corporation and the City.

ST. LOUIS MUNICIPAL FINANCE CORPORATION

By: ____/s/ Ivy Neyland-Pinkston_____
President

THE CITY OF ST. LOUIS, MISSOURI

By: ____/s/ Francis G. Slay_____
Mayor

By: ___/s/ Darlene Green_____
Comptroller

APPENDIX A

ADDITIONAL INFORMATION REGARDING THE CITY OF ST. LOUIS

Table of Contents

Page

ECONOMIC AND DEMOGRAPHIC DATA A-1
- Population and Other Statistics A-1
- Employment A-3
- Major Employers A-6
- Economic Development A-6
- Building and Construction Data A-14

EMPLOYEES AND EMPLOYEE RELATIONS A-14
RETIREMENT SYSTEMS A-14
FINANCIAL MANAGEMENT AND EXPENDITURE CONTROLS OF THE CITY A-15
- Introduction A-15
- Accounting and Reporting Practices A-16
- Budget Process A-17
- Financing Controls A-18
- Cash Management A-19
- Cash Management Investment Policy A-19
- General Revenue Fund A-19
- General Revenue Fund Receipts A-22

TAXATION AFFECTING THE CITY A-22
- Earnings Tax A-22
- Franchise Tax A-23
- Sales Tax A-23
- Gross Receipts Tax A-24
- Motor Vehicle Sales Tax A-24
- Motor Fuel Tax A-24
- Real and Personal Property Taxes A-25
- Payroll Tax A-26
- Other Taxes A-26
- License Fees A-26
- Department Receipts A-27
- Operating Transfers A-27
- The Hancock Amendment A-27

MAJOR TAXPAYERS A-28
CITY INSURANCE A-30
DEBT OF THE CITY A-31
- Outstanding Debt A-32
- Capital Leases A-32

APPENDIX A

ADDITIONAL 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 will not 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.

ECONOMIC AND DEMOGRAPHIC DATA

Population and Other Statistics

The City is a part of the St. Louis Consolidated Standard Metropolitan Statistical Area (the "**Metropolitan Area**") consisting of the City and Franklin, Jefferson, Lincoln, St. Charles, St. Louis and Warren Counties in Missouri and Clinton, Jersey, Madison, Monroe and St. Clair Counties in Illinois. The Metropolitan Area, covering 6,375 square miles in the States of Missouri and Illinois, is the 18th largest metropolitan area in the United States. During the past 35 years, there has been a strong population growth in the outermost counties surrounding the City. At the same time, the City has experienced a substantial population loss. The following table sets forth population statistics for the Metropolitan Area for the indicated calendar years:

Calendar Year	City of St. Louis	Metropolitan Area
2000	348,189	2,603,594
2001	347,954	2,624,813
2002	347,252	2,640,166
2003	348,039	2,657,837
2004**	343,279	2,667,862

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

** Estimates of population since 2000 have been confusing because the U.S. Bureau of Census has used an Administrative Records methodology (births, deaths, domestic migration and international migration) whereas the City has used a Housing Unit methodology (net increase in units times the occupancy rate and household size as of 2000). Using this approach, the City successfully challenged the Bureau's 2003 estimate. It is anticipated that the Bureau's 2004 estimate will be challenged as well.

St. Louis businesses employ approximately 97,000 employees who work in the downtown area. Downtown St. Louis is the business center of the St. Louis region and contains approximately 24 million square feet of office space. The St. Louis region ranks as the nation's fourteenth largest corporate headquarters market with nine Fortune 500 corporations located in the region in 2005. Twelve additional St. Louis companies ranked between 501 and 1,000. Three St. Louis area companies were ranked in *Fortune Magazine's* list of 100 fastest growing companies in 2004.

According to the St. Louis Convention and Visitors Commission ("**CVC**"), the City ranks among the top 25 markets nationwide for hotel room inventory. Each year an estimated 16.7 million visitors travel to St. Louis for conventions, meetings, business and leisure purposes. Those visitors spend $3.8 billion in the area on lodging, meals, sightseeing, local transportation, shopping, admissions and a variety

of goods and services. St. Louis' visitors annually generate $77.4 million in local taxes and $263.5 million in State taxes.

The hospitality industry in the St. Louis area employs 76,000 area residents and pays approximately $1.9 billion in wages. Twenty-two hotels are located in downtown St. Louis within a mile of the America's Center convention complex. The number of sleeping rooms available in these hotels has increased in the past three years by 2,200 to a total of 7,600 sleeping rooms.

The newest hotels downtown are all renovations of historic structures, including the Renaissance Grand and the Renaissance Suites, the Hilton, the Sheraton City Center, the Drury Plaza and the Westin. Additionally existing hotels, including the Marriott St. Louis, Adam's Mark, Hyatt Regency, Millennium, and Roberts Mayfair, have recently performed extensive renovations of their properties.

In 2004, 359 CVC-booked convention and meeting groups used 410,227 hotel room nights in City and St. Louis County hotels. Approximately 450,000 room nights are projected to be used by CVC-booked convention and meeting groups in 2005. See "Employment" below.

The City ranks as the third largest inland port in the United States in terms of weight shipped or carried through the area. More than 32 million tons of freight are transported through the City each year. The City owns and operates Lambert-St. Louis International Airport (the "Airport"), which handled approximately 283,647 (arrivals and departures) commercial aircraft operations at the Airport and approximately 13.4 million enplaned and deplaned passengers passing through at the Airport in 2004. On average, there were 756 daily departures and arrivals. The City is completing a $1.1 billion multi-year expansion of the Airport, which will add a third parallel runway and increase capacity in all weather conditions. American Airlines ("American") remains the Airport's primary air carrier.

MidAmerica Airport ("**MidAmerica**"), a joint-use facility with Scott Air Force Base, is located in Illinois approximately 25 miles from downtown St. Louis. MidAmerica opened in November, 1997, and serves as the Metropolitan Area's cargo, corporate aircraft, and reliever airport. With the exception of certain overseas flights that require a longer runway for take-offs, MidAmerica's 10,000 foot runway can accommodate all types of aircraft in use today. MidAmerica is expected to enhance the Metropolitan Area's presence as one of the nation's premiere transportation centers.

The City's public transportation needs are served by the Bi-State Development Agency of the Missouri-Illinois Metropolitan District, which also serves the Counties of St. Louis, St. Charles and Jefferson in Missouri and the Counties of Madison, St. Clair and Monroe in Illinois. The St. Louis metropolitan area's public transportation system includes fleets of 457 buses and 124 Call-A-Ride para-transit vans and the 66-vehicle Metrolink light rail system which runs between the Airport and Scott Air Force Base.

St. Louis is also home to three major professional sports teams, the St. Louis Rams, the St. Louis Blues, and the St. Louis Cardinals. In addition to being successful on the field, the three teams also contribute to the economy of the St. Louis metropolitan area. The economic impact of these teams comes from ticket sales, dollars spent on concessions and merchandise, and money spent at local restaurants and hotels. St. Louis recently hosted the 2004 Central Division Playoffs, National League Championships and two (2) games of the World Series. The financial impact from the 2004 Cardinals Baseball Team Post Season was $1.9 million to the City. The three teams have an additional economic impact in the increased national media attention and recognition they create for St. Louis. St. Louis has also achieved great success as an outstanding event host city. In 2005 the region hosted the Men's NCAA Final Four that generated $62.1 million in economic impact. St. Louis has hosted three of the past five NCAA

Wrestling Championships at the Savvis Center. It will host the U.S. Figure Skating Championships in 2006; the NCAA Frozen Four hockey finals in 2007; and the Women's Basketball Final Four in 2009.

A groundbreaking ceremony was held in January of 2004 for the construction of a new ballpark which will serve as the home of the St. Louis Cardinals. Construction is well under way on the new ballpark located just south of the existing Busch Stadium. The 2005 baseball season is the final season at Busch Stadium and is receiving heavy promotion from the Cardinals baseball club as the last chance to experience this element of baseball history – this heavy promotion, coupled with the Cardinals' exceptional record in the first part of the 2005 season, is expected to result in heavy attendance at virtually all of the 80+ home games this summer.

Financing for the new 46,000 seat ballpark was completed in December, 2003. The new ballpark development is expected to cost nearly $400 million, the majority of which ($290 million) is financed with taxable bonds issued by the ball club and repaid by the ball club and from Cardinals' equity, Missouri tax credit proceeds, a loan from St. Louis County, and funding from the Missouri Department of Transportation. As an inducement for the Cardinals to proceed with the development, the City, by Ordinance 65669, has agreed to waive the 5% amusement tax on ticket sales for games played in the new ballpark if the amount of private investment in the project exceeds $200,000,000. Ticket and concession sales will continue to generate City and state sales taxes, and the team and visiting teams will continue to pay City earnings and payroll taxes. In 2005, at $92 million, the Cardinals have the 6th largest team payroll in major league baseball.

The existing Busch Stadium will be demolished following the end of the 2005 season, setting the stage for the completion of the new ballpark and the commencement of the Ballpark Village development. Ballpark Village is a 6-block development that will occupy the northern half of the Busch stadium site. Development of the Village is expected to cost a minimum of $250 million, and is expected to include office, retail and entertainment space, as well as upscale residences for die-hard baseball fans and others. The first two blocks of the Village are expected to be completed in 2008.

As reflected in the discussion below of anticipated capital improvements projects and recently completed projects, manufacturers, retail businesses, service providers, restaurants and other companies are locating within the City or expanding their current facilities. This also includes expansion in the areas of new homes, lofts, and growth in historic neighborhoods. See "**Economic Development**" below.

Quality of life in the City has also been positively impacted. The US Conference of Mayors honored the City a "Qualify of Life Award" to recognize the City's programs.

Employment

The City and the Metropolitan Area are major industrial centers in Eastern Missouri Southwestern Illinois with a broad range of manufacturing enterprises. According to information provided by the Missouri Division of Employment Security, the 2004 annual average of manufacturing jobs represented 10.4% or 150,600 of the total 1,453,566 non-agricultural 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 in 2004.

CITY EMPLOYMENT BY INDUSTRY GROUP (TOTAL NON FARM)

Industry Group	Employees	Percentage
Manufacturing	24,644	11.0%
Services	114,504	51.2
Government	36,603	16.4
Retail Trade	9,608	4.3
Transportation and Public Utility	8,406	3.7
Finance, Insurance and Real Estate	12,053	5.4
Wholesale Trade	10,119	4.5
Construction and Mining	7,832	3.5
Total	223,769	100.0%

Source: Missouri Department of Economic Development. ES-202 Report of Employment & Wages.

There were 223,769 total non-farm jobs within the City in 2004 representing 15.4% of the region's job base. The City has remained a significant source of employment for the region. Job growth in the City has been concentrated in the service sector. The City continues to grow as a service center and 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.

The Business Development Division of the St. Louis Development Corporation administers a number of different types of loans, working in conjunction with the Local Development Corporation. Most transactions are loans made using Community Development Block Grant funds. A few Economic Development Administration ("**EDA**") loans are made and some, involving no direct financial support, are Department of Commerce Small Business Administration loans. In the course of a year, a few forgivable and soft loans and grants are made. During 2004 approximately $2.7 million in loans leveraged around $16 million in City investment. Approximately 343 jobs were created as a result. Loans that were closed during 2004 included:

- United Fruit and Produce decided to expand its operations in the City's Produce Row area. A loan for $45,000 leveraged a total expansion project cost over $500,000. The business will retain over 400 jobs in the City and will add 30 new employees over the next two years.

- Funds were allocated to support the business expansion in the downtown area. The businesses assisted by a Downtown Retail Loan Program in 2004 were 10th Street Italian Restaurant, Red Moon (restaurant), City Grocer Inc., Ambiente (furniture), Uma (gift shop), Lee J's (retail clothier), Light Inc. (furniture), Baseline Workshop (furniture and gallery), and Kenary Park Florist and Gifts. These businesses contributed significantly to the revitalization of the area. Approximately $280,000 in loans leveraged $4 million in private investment. These establishments not only provide services and goods that are needed in the area, but are expected to produce over 100 jobs in the next few years.

- St. Louis Fitness Club, a partially woman-owned business, expanded and purchased a complex in the south City area. The new location will provide space for the Club's business and for additional tenants. The project was approximately a $1 million purchase

and renovation. An EDA loan for $150,000 leveraged over $800,000 in private investment. The expansion will add 15 new jobs to the company's payroll.

- St. Louis Enterprise Center is an incubator for small emerging businesses. which offers counseling, mentoring and technical services to a variety of small firms. Funds are being used to assist with the renovation and upgrading of the Center's facility to better suit the needs of its client companies.

- The Nooter Construction Company has undertaken a $5.7 million project to expand its current business facility located in the City rather than move operations to another site. A loan of $50,000 to assist with infrastructure necessary to support an additional building has not only leveraged a large investment by the company but also will bring 45 new jobs to the City.

- Target, a major retailer, has almost completed its first two-story establishment in the region at Hampton and Chippewa.

- Lowe's Home Improvement, in concert with Schnucks Markets, a locally owned food retailer, and others, remains committed to building a store in an expanded retail plaza at I-55 and Loughborough in south St. Louis.

Significant numbers of loft-style apartments and condominiums continue to be developed in downtown St. Louis. Response to this product has been excellent, and the new residential population is expected to improve both the retail and office markets in downtown. The amount of new home construction and the rehabilitation of existing homes has dramatically increased in many of the City's neighborhoods as well. During the five years from 2000 through 2004, the City issued 11,151 residential building permits totaling more than $1 billion. Of these, about 2,500 were for permits in excess of $50,000 each.

Although significant improvement is being experienced in the above-referenced areas, impact from the 9-11 tragedy is still being experienced by the City, most notably in the convention and tourism industry. Hotel occupancies remain less than optimal, and convention bookings are down. A Convention & Tourism Task Force responded to these issues and several initiatives are already in progress as a result of the Task Force's work. A companion task force has reviewed operations at Lambert St. Louis International Airport, and the recommendations of this task force are in the process of implementation. After eliminating approximately 200 flights in 2003, American Airlines has added back approximately 1/8 of these flights.

The following table indicates average employment levels for City residents in the calendar years below, except at otherwise indicated:

	March 2005*	**Average 2004**	**Average 2003**	**Average 2002**	**Average 2001**
Labor Force	156,047	163,352	161,963	158,178	162,048
Number Employed	141,604	146,431	145,616	142,749	148,991
% City Unemployed	9.3%	10.4%	10.1%	9.8%	8.1%
% State Unemployed	6.1%	5.7%	5.6%	5.5%	4.7%
% U. S. Unemployed	5.4%	5.4%	6.0%	5.8%	4.7%

*Preliminary, subject to change.
Source: Missouri Department of Economic Development.

Major Employers

The following table presents information relating to the top twenty employers in the City based on the average of the fourth quarter payroll tax reports of 2004:

TOP 20 EMPLOYERS 2004

Name	Employees
BJC Health System	14,086
Washington University	11,869
The City of St. Louis	9,516
St. Louis University	9,205
St. Louis Board of Education	8,433
SBC	7,092
U.S. Postal Service	6,211
Tenet Health System	6,207
State of Missouri	5,862
Anheuser-Busch Companies, Inc.	5,163
A. G. Edwards & Sons, Inc.	4,932
May Company	4,408
Schnucks Markets	3,280
Defense, Finance & Accounting Service*	3,280
Bank of America, N.A.	3,057
Ameren Corporation	2,454
Junior College District of St. Louis	2,422
Bi-State Development Agency	2,391
U.S. Bank NA	1,909
Kiel Center Partners	1,857

*Federal payroll agency.
Source: Collector of Revenue, City of St. Louis.

Economic Development

Since 1995, there has been more than $3 billion of development completed in the City of St. Louis. Recently completed projects include the new convention headquarters hotel across the street from the America's Center (Renaissance Grand Hotel), the Phase I of the St. Louis Arena site (Highlands Center) and Phase I and II of the Near Southside Complex. A number of neighborhood development projects are also planned or underway. Construction is either underway or soon to begin on nearly $3 billion of additional developments.

COMPLETED DOWNTOWN PROJECTS

The following table lists information regarding completed major development projects in Downtown St. Louis totaling more than $1.6 billion completed since 1995:

Completed	Project Type	Estimated Cost Of Project	Completion Date
Merchants/Laclede Hotel-Hilton	Rehabilitation	$ 25,000,000	2005
Bi-Polar Condos 3222 Locust	Renovation	5,580,000	2005
1324 Washington Ave Loft (Grace loft)	Renovation	9,800,000	2005
Southtown Centre	New Construction	30,000,000	2005
Federal Reserve Bank Expansion	New Construction/ Rehabilitation	80,000,000	2005
Roberts Lofts	Renovation	14,000,000	2005
Terra Cotta Annex and Parking Garage	Rehabilitation/New Construction	24,000,000	2005
Westminster Place V Apt	New Construction	7,000,000	2004
9th/ Olive Parking Garage	New Construction	18,000,000	2004
Forest Park Restoration	Renovation	86,000,000	2004
Louderman Condominiums	Rehabilitation	15,100,000	2004
Sporting News Building, 2013 St. Charles Condominium	Rehabilitation	21,000,000	2004
Police Headquarters Addition	New Construction	10,000,000	2004
Lindell Towers/Moolah Temple	Renovation	42,000,000	2004
Laclede/Sarah Apartments	New Construction	12,400,000	2004
Gaslight Square Citirama Phase I	New Construction	6,800,000	2004
REACT Office	Renovation	1,800,000	2004
Riverbend Apartments	Renovation	7,850,000	2004
Smile Apartments (9th & Allen)	Renovation	3,725,000	2004
61xx Delmar	Renovation	5,700,000	2004
JVL Renaissance II	Renovation	11,200,000	2004
7th and Olive Garage	New Construction	14,500,000	2004
St. Vincent Homes (105 Homes)	New Construction	25,000,000	2004
Phyllis Wheatley Apt. 2709 Locust	Rehabilitation	7,300,000	2004
Maison Lofts	Adaptive/Reuse	5,500,000	2003
1206 Washington	Renovation	4,000,000	2003
Paristyle Loft Building	Rehabilitation	2,800,000	2003
703 N. 13th (34 condo, Elder Shirt Loft)	Renovation	6,000,000	2003
A.G. Edwards (office 500,000 sq. ft.)	New Construction	100,000,000	2003
Washington Ave Streetscape	Renovation	11,000,000	2003
Forest Park Apt.	Renovation	17,000,000	2003
300 N. Tucker	Office Rehabilitation	12,000,000	2003
Terra Cotta Loft Condos	Rehabilitation	20,000,000	2003
Martin Luther King Plaza Retail	New Construction	7,000,000	2003
Mississippi Lofts (40 units)	Renovation	10,000,000	2003
Murphy Park Apartment III	New Construction	20,000,000	2003
Coronado Hotel (3701 Lindell)	Renovation	23,300,000	2003
Contemporary Arts Gallery	New Construction	7,000,000	2003
Cardinal Ritter High School	New Construction	15,000,000	2003
Retail 4301 Natural Bridge	Rehabilitation/ Expansion	3,500,000	2003
Marriott/Wash U Medical Hotel	New Construction	25,000,000	2003
1141-51 S. 7th Street Office	Rehabilitation	6,500,000	2003
Hampton Inn /333 Washington Ave	Renovation	20,000,000	2003
H.G. Phillip Senior Apt	Renovation	42,000,000	2003

Completed	Project Type	Estimated Cost Of Project	Completion Date
Convention Headquarters Hotel	Renovation/New Construction	$ 270,000,000	2003
Tech Electronics	New Construction	4,500,000	2002
Cupples Station Parking Garage	New Construction	10,000,000	2002
Crown Lofts	Rehabilitation	4,600,000	2002
Vashon High School	New Construction	50,000,000	2002
Wireworks	Renovation	8,600,000	2002
City Criminal Justice Center	New Construction	91,000,000	2002
Continental Building	Renovation	23,500,000	2002
BJC Health System Phase I	New/Rehabilitation	225,000,000	2002
Drug Enforcement Agency Office	New Construction	25,000,000	2002
Lofts at Lafayette Square	Renovation	15,600,000	2002
Gravois Plaza	New Construction	17,000,000	2002
Gateway Classic FNO	New Construction	1,800,000	2002
Merchandise Mart Apts	Renovation	47,000,000	2002
Pulitzer Foundation for the Arts	New Construction	9,000,000	2001
Greater Ville Homes	New-Single Family	3,325,000	2001
705 Office building	Renovation	6,000,000	2001
210 North Tucker Office Building	Renovation	5,000,000	2001
Argyle Parking Garage/Library/Retail	New Construction	11,400,000	2001
Maple Acres	New – Single Family	9,000,000	2001
Marquette Garage	New Construction	11,000,000	2001
Dr. MLK Business Center (450,000 sq. ft.)	New Industrial	4,500,000	2001
Greeley Building – Laclede's Landing	Office Rehabilitation	5,000,000	2001
Sheraton Hotel/Edison Condos	Renovation	53,000,000	2001
Dickmann Building	Office/Retail Rehabilitation	3,500,000	2001
Tums	Renovation	16,600,000	2001
Center for Emerging Technology	Renovation	8,000,000	2001
A.G. Edwards Garage	New Construction	20,000,000	2001
Carondelet Pasta Plant	Expansion	18,000,000	2001
Sigma Chemical R & D	New Construction	50,000,000	2001
Adams School and Community Center	Renovation/New	15,000,000	2001
Crowns Foods-Residential	Renovation/New	5,500,000	2001
Pageant Theater	New Construction	4,000,000	2001
The Highlands Center Phase I	New Construction	15,000,000	2001
Saint Louis University Expansion	New Construction	80,000,000	2001
2300 Locust – SJI Fulfillment	Office Rehabilitation	4,500,000	2001
Cupples Station Westin Hotel	Renovation	50,000,000	2001
President Casino Complex	Renovation	6,000,000	2001
Hilton Pointe Apts. Phase II	New Construction	4,250,000	2001
Merchandise Mart Annex (23 lofts)	Adaptive Rehabilitation	46,400,000	2001
Federal Courthouse	New Construction	180,000,000	2001
Drury Plaza Fur Exchange Hotel	Renovation	35,000,000	2000
1627 Washington Loft Building	Adaptive Rehabilitation	3,600,000	2000
History Museum	Renovation/ Expansion	30,000,000	2000
Kiel Triangle Park	New Construction	3,000,000	2000

COMPLETED NEIGHBORHOOD PROJECTS

The following table lists information regarding completed major development projects in St. Louis Neighborhoods totaling more than $1.53 billion completed since 1995.

Project Name	Project Type	Estimated Cost Of Project	Completion Date
Jewish Hospital Garage	New Construction	$ 12,000,000	1995
Clinton-Peabody Phase II	Rehabilitation	8,770,000	1996
St. Louis U. Expansion	Renovation/Expand	200,000,000	1996
Medium Security Institution	New Construction	11,000,000	1996
Carr Square Phase I Comp. Mod.	New Construction	6,861,768	1997
Carr Square Village	Rehabilitation	36,000,000	1997
Clinton-Peabody Phase III Housing	Rehabilitation	8,243,615	1997
Concordia Publishing Co.	Renovation	2,500,000	1997
Elderly Public Housing	Rehabilitation	3,120,635	1997
Home Depot	New Construction	10,500,000	1997
International Building	Rehabilitation	3,500,000	1997
KETC Channel 9	New Construction	6,000,000	1997
Malcolm Bliss State Hospital	New Construction	20,000,000	1997
Mo. Botanical Research Center	New Construction	5,000,000	1997
Northview Village	Rehabilitation	3,000,000	1997
Planet Hollywood Restaurant	Renovation	4,000,000	1997
State Psychiatric Hospital	Rehabilitation	27,500,000	1997
AFT Terminal Railroad Trestle	New Construction	13,000,000	1997
American Cancer Society	New Construction	6,000,000	1997
Small Business Tech Incubator	Rehabilitation	6,000,000	1998
Lone Star Industries	Expansion	4,500,000	1998
LaSalle Park Apartments	Rehabilitation	3,609,464	1998
Harris Stowe State College Library	New Construction	2,000,000	1998
City Plaza Shopping Center	New Construction	6,000,000	1998
Boxes, Inc.	Rehabilitation	7,000,000	1998
Blumeyer Elderly Apts.	Rehabilitation	3,088,000	1998
Affordable City Homes-West End	New Construction	4,500,000	1998
Sigma Chemical	New Construction	13,000,000	1999
Chase Park Plaza Hotel/Apts/Retail	Renovation	70,000,000	1999
Broadway Petroleum (201 E. Nagel)	New Construction	2,000,000	1999
Murphy Park Apts. – Phase I	New Construction	17,000,000	1999
History Museum	Renovation/New	30,000,000	2000
Crowns Foods-Residential	Renovation/New	5,500,000	2001
Pageant Theatre	New Construction	4,000,000	2001
The Highlands Office – Phase I	New Construction	15,000,000	2001
St. Louis U. Expansion	New Construction	80,000,000	2001
Hilton Pointe Apts.- Phase II	New Construction	4,250,000	2001
Pulitzer Foundation for the Arts	New Construction	9,000,000	2001
Greater Ville Homes	New Construction	3,325,000	2001
Argyle Parking Garage/Library/Retail	New Construction	11,400,000	2001
Maple Acres – Phase I	New Construction	9,000,000	2001
Dickmann Building	Renovation	3,500,000	2001
Center for Emerging Technology	Rehabilitation	6,000,000	2001
Carondelet Pasta Plant	Expansion	18,000,000	2001
Adams School & Community Center	Renovation/New	15,000,000	2001
Vashon High School	New Construction	50,000,000	2002
Wireworks	Renovation	8,600,000	2002
Continental Building	Renovation	23,500,000	2002
BJC Health System – Phase I	New/Rehab	225,000,000	2002
Lofts at Lafayette Square	Renovation	15,600,000	2002
Gravois Plaza	New Construction	17,000,000	2002
U. S. Paint Expansion	New Construction	5,700,000	2002

Project Name	Project Type	Estimated Cost Of Project	Completion Date
Tech Electronics	New Construction	$ 4,500,000	2002
Crown Lofts	Rehabilitation	4,600,000	2002
Parkway Hotel/Wash U. Med Center	New Construction	25,000,000	2003
Maison Lofts (Euclid/Washington)	Adaptive Reuse	5,500,000	2003
MLK Plaza	New Construction	7,000,000	2003
M Lofts (40 units)	Renovation	10,000,000	2003
Murphy Park Apartments III	New Construction	20,000,000	2003
Coronado Hotel	Renovation	27,300,000	2003
Homer G. Phillips Apts.	Renovation	42,000,000	2003
Contemporary Art Gallery	New Construction	7,000,000	2003
Cardinal Ritter College Prep High	New Construction	15,000,000	2003
Forest Park Hotel/Apartments	Renovation	17,000,000	2003
4301 Natural Bridge (Retail)	Rehab/New Constr.	3,500,000	2003
Riverbend Apartments	Renovation	7,850,000	2004
Smile Apartments (9th & Allen)	Renovation	3,725,000	2004
61xx Delmar Blvd. (Joe Edwards)	Renovation	5,700,000	2004
St. Vincent Homes	New Construction	25,000,000	2004
JVL Renaissance II	Renovation	11,200,000	2004
Gaslight Square Citirama (Phase I)	New Construction	6,800,000	2004
Volpi & Co. (5245 Northrup)	New Construction	4,000,000	2004
Lindell Towers/Moolah Temple	Renovation	42,000,000	2004
Lister Building (4500 Olive)	Renovation	3,750,000	2004
St. Louis Place Park Homes	New Construction	3,600,000	2004
Tarlton Construction Hdqtrs.	New Construction	3,500,000	2004
6134 Virginia Ave. Condos	Rehabilitation	2,400,000	2004
Coleman/Bacon-Habitat (26 homes)	New Construction	2,500,000	2004
6238-48 Sunshine Dr. (24 condos)	New Construction	3,348,000	2004
Metro Lofts (4531 Forest Park)	New Construction	36,400,000	2004
Laclede/Sarah Apartments	New Construction	12,400,000	2004
2216 Sidney (12 loft condos)	Renovation	2,000,000	2004
Walter Knoll Florist	Rehab/New Const.	3,000,000	2004
Forest Park Restoration	Renovation	86,000,000	2004

PROJECTS PLANNED OR UNDER CONSTRUCTION

The following table lists information regarding major development projects, totaling approximately $3 billion, currently planned or under construction in the City:

DOWNTOWN PROJECTS ($1.83 BILLION)

Planned or Under Construction	Project Type	Estimated Cost Of Project	Completion Date
Metro Lofts 4531 Forest Park	New Construction	$ 36,400,000	2005
312 N. 8th Condo	Renovation	4,500,000	2005
1110 Washington	Renovation	15,000,000	2005
1206 Washington	Renovation	4,000,000	2005
Walter Knoll Florist	Expansion/New Construction	3,000,000	2005
1141-51 S. 7th Street Office	Rehabilitation	6,500,000	2005
S. G. Adams Building (24 lofts)	Adaptive Rehabilitation	5,700,000	2005
Highlands PH II Office	New Construction	15,000,000	2005
Highland Apartments	New Construction	35,000,000	2005

Planned or Under Construction	Project Type	Estimated Cost Of Project	Completion Date
Target Store – Hampton/Chippewa	New Construction	$ 14,700,000	2005
1214 Washington Condominiums	Rehabilitation	3,500,000	2005
1000 Locust (20 Lofts)	Rehabilitation	5,000,000	2005
Paul Brown Apartments	Rehabilitation	46,000,000	2005
The Lofts @ The Highlands	New Construction	35,000,000	2005
Railway Lofts	Renovation	12,500,000	2005
Old Post Office	Renovation	77,000,000	2005
Harris Stowe State College Expansion Phase II	New Construction	16,000,000	2005
Soulard Market Apartments	Renovation	30,000,000	2005
410 N. Jefferson Condos	Renovation	12,800,000	2005
Renaissance on Grand Apartments	New Construction	21,600,000	2005
Maryland Plaza South	Renovation	20,500,000	2005
21-59 Maryland Plaza Condos	Renovation	10,200,000	2005
University Village Apartments	Renovation	53,500,000	2005
1601 Washington Condo/Commercial	Renovation	15,800,000	2005
Printers Lofts	Renovation	26,500,000	2005
Security Building	Renovation	13,200,000	2005
Adam's Mark Hotel	Renovation	10,000,000	2005
Barton Street Lofts	Renovation	2,800,000	2005
Dogtown Walk II	New Construction	2,700,000	2005
Maple Acres Phase II	New Construction	4,000,000	2005
Marquette Building	Renovation	35,000,000	2005
Mullanphy Square Phase III	New Construction	2,500,000	2005
The Annex Lofts	Rehabilitation	19,000,000	2005
Union West-Cote Brilliante	New Construction	1,800,000	2005
Westgate Condos	Renovation	11,500,000	2005
Windows Lofts	Renovation	15,800,000	2005
Cupples Station Office (150,000 sq. ft.)	Adaptive Rehabilitation	20,000,000	2006
City Hosp Condo/Mixed use	Renovation	28,000,000	2006
Near Southside Mixed Use Development	New Construction	150,000,000	2006
Multi-Modal Station	New Construction	25,000,000	2006
Cupples Station Apartments	Rehabilitation	45,000,000	2006
Majestic Stove Lofts	Rehabilitation	22,100,000	2006
4200 Lindell Condominiums	Rehabilitation	6,000,000	2006
Euclid/Lindell Condominiums	New Construction	35,000,000	2006
Hampton Inn Hotel @ The Highlands	New Construction	14,000,000	2006
1300 Convention Plaza Apartments	Renovation	7,900,000	2006
Blumeyer Apartments Phase II	New Construction	16,144,000	2006
Fashion Square MultiUse	Rehabilitation	29,000,000	2006
5350-5428 Delmar Townhouses	New Construction	7,000,000	2006
Water's Edge Condos	New Construction	20,000,000	2006
Baseball Stadium	New Construction	387,000,000	2006
BJC Cardiac Cath Lab	New Construction	7,000,000	2006
1517 S. Theresa School Building	Renovation	8,000,000	2006
4545 Lindell Blvd Condos	New Construction	20,000,000	2006
Alexander/Locust Lofts	Renovation	5,000,000	2006
Bankers Lofts	Renovation	23,000,000	2006
Barnes Jewish CTICU	New Construction/Rehab	65,000,000	2006
Bee Hat Building	Renovation	32,000,000	2006
Catlin Townhomes	New Construction	2,800,000	2006
Convention Plaza Apartments	Renovation	7,900,000	2006
Days Inn Apartments	Renovation	12,000,000	2006

Planned or Under Construction	Project Type	Estimated Cost Of Project	Completion Date
Demim Lofts	Renovation	$ 5,000,000	2006
East Bank Lofts	Rehabilitation	11,000,000	2006
Lafayette Townhomes	Rehabilitation	6,000,000	2006
Loughborough Commons	New Construction	4,000,000	2006
Maryland Plaza North	Rehabilitation	20,500,000	2006
Meridian Lofts	Rehabilitation	25,400,000	2006
Motor Parts Warehouse	Renovation	12,000,000	2006
Powerhouse	Rehabilitation	12,600,000	2006
Sensientr Colors Inc. Expansion	New Construction	7,900,000	2006
Southside National Bank Condos	Renovation	2,200,000	2006
Sullivan/Dodier Apartments	New Construction	22,800,000	2006
Sunshine Factory	Rehabilitation	30,000,000	2006
Syndicate Trust	Renovation	68,000,000	2006
The Cascades	New Construction	25,000,000	2006
Truman Homes	New Construction	15,000,000	2006
Warehouse of Fixtures	Renovation	53,500,000	2006
BioMed 21 Translational Research	New Construction	15,000,000	2007
Cochran Housing Complex	Rehabilitation	70,000,000	2007
Grant School	Rehabilitation	7,500,000	2007
Anheuser-Busch Office Building	New Construction	20,000,000	2007
BJC Health Care @ Childrens	New Construction	75,000,000	2007
Bottle District	New Construction	226,500,000	2007
Elias Haas Building	Renovation	15,000,000	2007
Ely Walker Lofts	Renovation	40,000,000	2007
Pinnacle Entertainment Casino	New Construction	250,000,000	2007
Drury Hotel Hampton & Wilson	New Construction	14,000,000	2007
Carondelet Coke Site	New Construction	37,800,000	2007
Kiel Opera House & Garage	Rehabilitation	42,000,000	2007
St. Louis Art Museum Expansion	Renovation	100,000,000	2007
Botanical Heights	New Construction	45,000,000	2008
Chouteau/Compton Indust.	Construction	14,500,000	2008
St. Louis University Arena	New Construction	80,000,000	2008
St. Louis University Research Center	New Construction	80,000,000	2008
Baseball Village Phase I	New Construction	60,000,000	2009
Mississippi River Bridge	New Construction	300,000,000	2011

NEIGHBORHOOD PROJECTS ($975 MILLION)

Project Name	Project Type	Estimated Cost Of Project	Completion Date
The Lofts @ The Highlands	New Construction	$ 35,000,000	2005
Hampton Inn Hotel @ The Highlands	New Construction	14,000,000	2005
2500 S. 18th St. Apartments	Renovation	3,800,000	2005
Nooter Const. Office & Storage	New Construction	6,600,000	2005
1530 S. 2nd St. Industrial	Rehabilitation	3,000,000	2005
Target Store at Chippewa & Hampton	New Construction	14,700,000	2005
Melba Theatre Retail	Renovation	1,785,000	2005
S. Grand "Anderson Garage"	Renovation	2,300,000	2005
Southtown Centre	New Construction	30,000,000	2005
Harris Stowe State College Expansion\ (Phase II)	New Construction	16,000,000	2005
Renaissance on Grand Apts.	New Construction	21,600,000	2005

Project Name	Project Type	Estimated Cost Of Project	Completion Date
Soulard Market Apartments	Renovation	$ 30,000,000	2005
Dogtown Walk II	New Construction	2,700,000	2005
Lafayette Square Town Homes	New Construction	11,100,000	2005
Bi-Polar Condos (3222 Locust)	Renovation	5,580,000	2005
Catlin Townhomes	New Construction	2,800,000	2005
Shenandoah Place Condos	Renovation	1,600,000	2005
Barton Street Lofts	Renovation	2,800,000	2005
Maryland Plaza South	Renovation	20,500,000	2005
21-59 Maryland Plaza Condos	Renovation	10,200,000	2005
Blumeyer Apts. – Phase II	New Construction	16,144,000	2005
Maple Acres – Phase II	New Construction	4,000,000	2005
Mullanphy Square – Phase III	New Construction	2,500,000	2005
St. Louis U. Research Center	New Construction	80,000,000	2005
Drury Hotel (Hampton/Wilson)	New Construction	14,000,000	2005
Union West Homes – Cote Brilliante	New Construction	1,800,000	2005
City Hospital Condo/Mixed Use	Renovation	28,000,000	2006
Near Southside Mixed Use	New Construction	150,000,000	2006
4200 Lindell Condos	Renovation	6,000,000	2006
Park East Tower Condos	New Construction	35,000,000	2006
St. Louis U. Arena	New Construction	80,000,000	2006
St. Louis Art Museum Expansion (Phase I)	Renovation	50,000,000	2006
Carondelet Coke Site	New Construction	37,800,000	2006
5350-5428 Delmar (40 Townhomes)	New Construction	7,000,000	2006
Warehouse of Fixtures	Renovation	53,500,000	2006
Southside National Bank Condos	Renovation	2,162,226	2006
Sullivan/Dodier Apartments	New Construction	22,800,000	2006
Sensient Colors Inc. Expansion	New Construction	7,900,000	2006
1517 S. Theresa School Bldg. Apts	Renovation	8,000,000	2006
Conrad Properties Condos at 4545 Lindell Blvd.	New Construction	20,000,000	2006
Gaslight Square East	Rehab/New Const	19,450,000	2006
Mississippi Place	New Construction	4,500,000	2006
Loughborough Commons	New Construction	40,000,000	2006
5700 Arsenal St.	New Construction	15,000,000	2006
The Cascades	New Construction	25,000,000	2006
Ice House - Phase I	Rehabilitation	8,000,000	2006

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 set forth below:

Calendar Year	Value of Housing New	Value of Housing Rehabilitation	Value of Commercial, Industrial or other Non-Housing	Total Number of Permits	Total Value
1999	$ 31,240,582	$ 19,553,289	$ 205,602,820	4,420	$ 256,396,691
2000	33,594,010	49,847,765	431,876,501	5,047	515,318,276
2001	24,626,272	42,009,902	366,737,303	5,095	433,373,477
2002	41,590,777	103,583,045	335,566,980	5,627	480,740,802
2003	112,499,325	103,501,991	326,046,296	5,965	542,047,612
2004	41,002,001	104,936,144	526,140,457	6,069	672,078,602

Source: City Building Division.

EMPLOYEES AND EMPLOYEE RELATIONS

The City currently employs approximately 6,300 persons who are paid from the City's General Revenue Fund, approximately 2,000 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 Board of Police Commissioners within the maximum established by the General Assembly, with the provision that the City need not appropriate sums in excess of the limit established by the Hancock Amendment. All City employees, other than the commissioned employees of the Police Department, 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. City police officers have no such rights. 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.

Contributions to all plans for the Fiscal Year ended June 30, 2004, totaled $13,742,187 from the City's General Revenue Fund.

Benefits	Actuarial Value of System Assets	Actuarial Accrued Liability	(In Thousands) Plan Assets in Excess of (Unfunded) Plan Benefits
Employee's Retirement System	$ 424,917	$ 576,128	$ (151,211)
Police Retirement System	734,391	830,138	(95,747)
Firemen's Retirement System	391,021	429,973	(38,952)

Source: City Comptroller's Office.

Two recent court decisions have been handed down by the trial court concerning the City's pension plans. The status of these cases is summarized below:

Firemen's Retirement System v. City of St. Louis, Francis Slay, James Shrewsbury and Darlene Green, City of St. Louis Circuit Court, Cause No. 034-02165. Plaintiff claims that the Board of Estimate and Apportionment of the City of St. Louis did not recommend the appropriations for the Retirement System certified by Plaintiff, by and through its actuaries, for the Fiscal Years 2004 and 2005 City Budgets, which amount Plaintiff claims is binding under City ordinance. The difference between the amounts recommended by the Board of Estimate and Apportionment and the amounts certified by Plaintiff was $6.8 million for FY 2004 and $13.7 million for FY 2005. The Circuit Court entered judgment in favor of the Firemen's Retirement System on June 17, 2005; the judgment is not final. Defendants will seek post-judgment relief, which could take the form of post-judgment motions, an appeal, or a combination thereof.

Police Retirement System v. City of St. Louis, Francis Slay, James Shrewsbury, and Darlene Green, City of St. Louis Circuit Court, Cause No. 034-02186. Plaintiff claims that the Board of Estimate and Apportionment of the City of St. Louis did not recommend the appropriation for the Retirement System certified by Plaintiff, by and through its actuaries, for the Fiscal Year 2004 City Budget, which amount Plaintiff claims is binding under state statute. The difference between the amount recommended by the Board of Estimate and Apportionment and the amount certified by Plaintiff is $5.3 million. The Circuit Court entered judgment in favor of the Police Retirement System on June 17, 2005; the judgment is not final. Defendants will seek post-judgment relief, which could take the form of post-judgment motions, an appeal or a combination thereof. A companion case involving the same Plaintiff and Defendants, Cause No. 044-02636, involves the contribution to the Police Retirement System for the Fiscal Year 2005 City Budget. The difference between the actuarial certification and the actual appropriation was approximately $7 million. This case has been largely inactive, pending dispositions of the above-named actions.

FINANCIAL MANAGEMENT AND EXPENDITURE CONTROLS OF THE CITY

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 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 and account group.

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 following are the City's governmental type funds:

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 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 facilities (other than those financed by proprietary funds and trust funds).

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

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 though user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds -- 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.

The following describes the City's fiduciary fund:

Trust and Agency Funds -- Trust and Agency Funds are used to account for assets held in trust or 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.

The financial statements of the various funds of the City, other than the Enterprise Funds, are

presented, generally, on a modified accrual basis of accounting. An annual audit is made of the accounts and the records of the City. This examination is conducted by an independent certified public accountant, engaged by the Mayor for this purpose.

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.

Under a City Charter Amendment adopted in 1987, the Board of Estimate and Apportionment must submit its proposed budget to the Board of Aldermen no less than 60 days prior to the beginning of the Fiscal Year, July 1. The budget bill is assigned to the Ways and Means Committee of the Board of Aldermen, which conducts public hearings on segments of the proposed budget prior to taking any action. Thereafter, the proposed budget is reviewed and then 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. Also under the City Charter, the Board of Estimate and Apportionment submits and recommends to the Board of Aldermen a bill establishing City 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 "**TAXATION AFFECTING THE CITY -- The Hancock Amendment**" herein.

Should the Board of Estimate and Apportionment not 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 not approve a budget or tax rate by the beginning of a Fiscal Year, the proposed budget or tax rate recommended by the Board of Estimate and Apportionment, or, in its absence, the submission by the Budget Director, is deemed to have been approved by the Board of Aldermen. Except with respect to the general appropriation bill and bills providing for the payment of principal of or interest on debt, no appropriation may be made from any revenue fund in excess of the credit balance of such fund, and no appropriation may be made for any purpose to which the money 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 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. This effort has been successful. The City's Comprehensive Annual Financial Report for fiscal year 2003 was awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association ("**GFOA**"). It was the seventeenth year the City has received this prestigious award. The Certificate of Achievement is awarded

to recognize a governmental unit which published an easily readable and efficiently organized comprehensive annual report that meets both generally accepted accounting principles and applicable legal requirements. The GFOA presented an award of Distinguished Presentation to the Budget Division, City for its annual budget for the fiscal year beginning July 1, 2004. This award is given in recognition of a government unit that publishes a budget document that meets program criteria as a policy document, an operations guide, and as 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 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 Treasurer provides cash forecasting so that adequate cash is available while investments are maximized. All investments held by the Treasurer as of April 29, 2005, totaled $297,913,443 at cost. Consistent with state law, all investments held by the 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.

Cash Management Investment Policy

On March 6, 1998, the City adopted its revised Public Funds Investment Policy, through the Funds Committee of the City. The investment policy applies to all financial assets of the City, including the General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Funds, Internal Service Funds, Enterprise Funds, Trust and Agency Funds and proceeds of bond issues, but does not apply to the City's pension funds. The objectives stated in the policy (in order of priority) are (a) security, (b) liquidity, (c) investment return, (d) local economic benefit, and (e) social policy. The policy applies a prudent man standard to management of the overall portfolio, with investments limited to U.S. Government obligations, obligations of any agency or instrumentality of the U.S., bonds of the State of Missouri or the City, certificates of deposit, repurchase agreements maturing within 90 days and deposits with listed institutions. Certificates of deposit, repurchase agreements maturing within 90 days and deposits with listed institutions must be collateralized. The City's revised Public Funds Investment Policy has been approved for certification by the Municipal Treasurers' Association of the United States and Canada. Columbia Capital Consultants, LLC serves as investment consultant to the Treasurer's office.

General Revenue Fund

In accordance with generally established 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.

General Revenue Fund Expenditures. **Table I** is a combined statement of revenues, expenditures and changes in fund balances on an accrual basis for the past five fiscal years. **Table II** shows a general revenue fund summary of operations on a budgetary (cash) basis for the fiscal years ended June 30, 2004, June 30, 2003, and June 30, 2002. The City provides funding for several significant municipal services which are not subject to direct city management and control.

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)

	2004	2003	2002	2001	2000
Revenues					
Taxes	$ 294,387	$ 310,932	$ 313,482	$ 329,498	$ 311,310
Licenses & Permits	16,960	15,942	15,691	15,191	15,891
Intergovernmental Aid	22,531	13,082	12,175	13,155	8,255
Charges for Services	15,810	12,340	12,283	15,312	14,668
Court Fines & Forfeitures	8,906	8,680	8,200	7,132	8,450
Interest	1,621	2,260	3,544	3,680	4,729
Interfund Services provided	3,921	4,476	4,864	-	-
Miscellaneous	4,263	7,499	4,367	3,455	3,155
Total Revenues	$ 368,399	$ 374,606	$ 387,423	$ 366,458	$ 366,458
Expenditures					
General Government	$ 43,036	$ 42,474	$ 39,043	$ 39,254	$ 37,461
Convention & Tourism	199	2,201	2,219	2,159	1,936
Parks and Recreation	18,501	18,184	17,765	16,929	16,275
Judicial	40,059	41,603	39,393	35,608	34,100
Streets	28,695	30,005	31,680	29,245	28,565
Public Safety2	223,776	216,095	205,618	76,570	75,941
Health and Welfare	4,989	2,705	11,332	12,103	11,668
Public Services	22,131	24,283	22,868	22,961	20,550
Capital Outlay	-	-	15	2,134	3,920
Debt Service	19,832	30,060	26,209	22,702	30,041
Total Expenditures	$ 401,218	$ 407,610	$ 396,142	$ 259,665	$ 260,457
Excess of Revenues Over (Under) Expenditures					
Other Finance Sources/(Uses)	$ (32,819)	$ (32,399)	$ (21,536)	$ 127,758	$ 106,001
Proceeds from Capital Leases	-	-	-	-	-
Issuance of Note Payable	-	-	-	1,980	-
Issuance of refunding bonds – leasehold revenue bonds	-	141,975	65,348	-	2,773
Premium on leasehold revenue bonds	-	11,251	1,935	-	-
Discount on leasehold revenue bonds	-	-	-	-	-
Payment refunded to Bond Escrow Agent	-	(149,808)	(62,789)	-	-
Transfers In	2,972	21,025	18,686	10,823	13,682
Operating Transfers from Component Units2	-	-	-	125	125
Recovery of legal judgment	24,458	-	-	-	-
Transfers Out	(1,419)	(3,249)	(9,802)	(12,322)	(24,281)
Operating Transfers to Component Units2	-	-	(118,378)	(114,458)	(114,458)
Total Other Financing Sources (Uses)	$ 26,011	$ 21,194	$ 13,378	$(117,772)	$(122,159)
Excess of Revenues & Other Finance Sources Over (Under) Expenditures & Other Uses	(6,808)	(11,205)	(8,158)	9,986	(16,158)
Fund Balances (Beginning of Fiscal Year)1	76,714	87,919	96,077	86,091	80,523
Fund Balances (End of Fiscal Year)	$ 69,906	$ 76,714	$ 87,919	$ 96,077	$ 64,365

1 Fund Balances (Beginning of Fiscal Year) at June 30, 2001 differ from Fund Balances (End of Fiscal Year) of the preceding Fiscal Year due to the adoption of GASB No. 33 and other accounting matters.

2 Beginning in 2002, the City was required to show transfers to component units as expenditures.

Source: Audited Financial Statements.

TABLE II
City of St. Louis General Revenue Fund Summary of Operations
Cash Basis - Fiscal Years Ended June 30
(In Thousands)

	2004	2003	2002
Revenues			
Taxes	$ 318,813	$ 319,827	$ 324,371
Licenses & Permits	17,165	15,822	15,675
Intergovernmental Aid	6,788	6,186	5,914
Charges for Services	20,243	18,019	17,713
Court Fines & Forfeitures	5,378	4,561	4,604
Interest	76	162	1,258
Miscellaneous	3,163	4,906	4,070
Total Revenues	$ 371,626	$ 369,483	$ 373,605
Expenditures			
General Government	$ 41,424	$ 42,556	$ 39,259
Convention & Tourism	1,895	2,204	2,216
Parks & Recreation	18,407	17,979	17,797
Judicial	40,216	41,299	39,267
Streets	28,569	30,007	31,352
Public Safety	94,083	90,452	85,414
Police	128,136	126,577	116,994
Health & Welfare	5,113	2,845	11,563
Public Services	22,141	24,204	23,121
Debt Service	14,374	22,687	22,279
Total Expenditure	$ 394,358	$ 400,810	$ 389,262
Excess of Revenues Over (Under) Expenditures	(22,732)	(31,327)	(15,657)
Other Financial Sources (Uses):			
Transfers In	$ 18,665	$ 24,793	$ 19,776
Transfers Out[1]	(2,234)	(2,049)	(5,906)
Total Other Finance Sources (Uses)	16,431	22,744	13,870
Excess of Revenues & Other Finance Sources Over (Under) Expenditures & Other Finance Uses	(6,301)	$ (8,583)	$ (1,787)
Fund Balances (Beginning of Fiscal Year)	20,431	29,014	31,019
Transfer to Capital Improvements Funds	-	-	(218)
Fund Balances (End of Fiscal Year)	$ 14,130	$ 20,431	$ 29,014

[1] Transfers out have been restated to include transfers to reserves.

Source: City Comptroller's Office.

General Revenue Fund Receipts

The following table sets forth the percentage of receipts for various categories of the General Revenue Fund for the Fiscal Years set forth below:

	2004	2003	2002
TAXES:			
Earnings	31.03%	31.00%	30.91%
Franchise	13.39	13.23	13.11
Sales	11.51	11.74	12.08
Gross Receipts	3.00	3.04	3.11
Motor Vehicle Sales Tax	0.90	0.85	0.98
Motor Fuel	2.58	2.24	2.36
Real Estate	8.15	7.54	7.44
Personal Property	2.89	3.06	3.10
Payroll	8.07	8.08	8.98
Other Taxes	0.18	.32	.35
Total Taxes	81.70	81.10	82.42
License Fees	4.39	4.01	3.98
Departmental Receipts	9.13	8.58	8.53
27th Pay Reserve Transfers	-	0.03	0.05
Transfers	4.78	6.28	5.02
	100.00%	100.00%	100.00%

Source: City Comptroller's Office.

TAXATION AFFECTING THE CITY

Earnings Tax

The City's Earnings Tax is the most significant single source of General Revenue Fund revenues, representing 31% of the total General Revenue Fund revenues for the Fiscal Year ended June 30, 2004. The Earnings Tax is levied against residents of the City, nonresidents employed within the City and businesses within the City. The Earnings Tax was authorized by State statute in 1954 and was initially set at the rate of one-half of one percent of the gross income of individuals and of net profits of businesses within the City. The current rate of one percent has been in effect since 1959.

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, who 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 set forth below was as follows:

Year	Earnings Tax
2000	$ 117,304,729
2001	122,594,135
2002	121,656,641
2003	122,206,236
2004	121,111,509

Source: City Comptroller's Office

Franchise Tax

The Franchise Tax of the City is a tax on utilities operating within the City and on certain gross receipts of the Airport. This tax is passed on to the consumers by the utilities. The tax on Laclede Gas Company and AmerenUE (formerly Union Electric Company) is 10% of the gross receipts from their commercial customers and 4% from their residential customers. Charter Communications, Inc. is taxed on 5% of gross revenues for its City cable franchise. Charter Communications is not included in General Fund. The telecommunications companies, Trigen Energy Corp. and the Water Division of the City are taxed 10% of their gross receipts from all users and the Lambert-St. Louis International Airport pays to the General Revenue Fund 5% of its gross revenues. 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 set forth below was as follows:

Year	Franchise Tax
2000	$ 50,645,837
2001	57,189,210
2002	51,581,018
2003	52,153,791
2004	52,271,960

Source: City Comptroller's Office

Sales Tax

A City Sales Tax, which was authorized by the Missouri General Assembly and was approved by voters at an election held in 1969, became effective in 1970 at a rate of one percent of sales within the City. This tax is collected on a monthly basis by the State of Missouri along with the State sales tax and remitted to the City by the 10th of the following month. On August 3, 1993, voters approved a three-eighths cent sales tax increase for general operations and a one-half cent sales tax increase for capital improvements.

On November 7, 2000, voters in the City, approved a one tenth of one percent sales tax to fund a Metropolitan Park and Recreation District which took effect on July 1, 2001. 50% of revenue collected from the tax will go to the metropolitan district as will funds from other counties which have a similar tax to fund the Metropolitan Park and Recreation District. 50% of the tax revenues is returned to the City and placed in a special fund, the "Metro Parks Trust Fund" for local park improvement. On April 10, 2001, City voters approved a use tax at the same rate as local sales tax, currently a rate of 2.725 percent, to provide funds for the development and preservation of affordable and accessible housing and public health care services. A use tax return need not be filed by persons who spend less than $2,000 on purchases from out of state in any calendar year. This tax took effect on July 1, 2001.

The City's General Fund Revenue Sales Tax receipts for the Fiscal Year set forth below were as follows:

Year	Sales Tax
2000	$ 48,134,756
2001	49,807,227
2002	47,555,507
2003	46,280,903
2004	44,916,621

Source: City Comptroller's Office

Gross Receipts Tax

The City's Gross Receipts Tax is comprised of three components: (1) public garage and parking lots tax; (2) amusements admission tax and (3) one-half cent restaurant tax.

The City's Gross Receipts Tax revenue for the Fiscal Years set forth below was as follows:

Year	Gross Receipts Tax
2000	$ 9,375,323
2001[1]	11,304,969
2002	12,236,354
2003	11,982,766
2004	11,566,876

[1] Rams' football gross receipts tax was placed in a Special Revenue Fund prior to Fiscal Year 2001 to finance the City's portion of the Rams' practice facility.

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. A constitutionally-mandated portion of the proceeds of the State sales tax is distributed to local governments, including the City, based on their proportionate share of the State's total population.

The City's General Fund Motor Vehicle Sales Tax revenue for the Fiscal Years set forth below was as follows:

Year	Motor Vehicle Sales Tax
2000	$ 3,670,827
2001	4,134,656
2002	3,868,712
2003	3,364,018
2004	3,522,049

Source: City Comptroller's Office

Motor Fuel Tax

The City receives a share of the State motor fuel tax based upon the City's proportionate share of the State's population. Motor fuel tax is collected by the State on a monthly basis and remitted to the City monthly.

The City's General Fund Motor Fuel Tax revenue for the Fiscal Years set forth below was as follows:

Year	Motor Fuel Tax
2000	$ 10,552,422
2001	10,219,892
2002	9,275,077
2003	8,831,066
2004	10,069,537

Source: City Comptroller's Office

Real and Personal Property Taxes

Taxes are levied on all real and personal property 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. Reassessments are reflected in the value below for the indicated years. The formula for setting the tax rate does not allow for more than normal growth in tax collections. As a result, there is no "windfall" to the City as a result of the reassessment.

	Real Property[1]		Personal Property[1]			
Calendar Year	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Manufacturers' Inventory Value[2]	Total Assessed Value
2000	$ 1,923,262,482	$ 8,042,460,306	$ 805,857,347	$ 2,419,992,033	$ 304,558,850	$ 3,033,678,679
2001	2,056,858,341	8,606,069,224	901,303,561	2,706,617,300	305,621,759	3,263,783,661
2002	2,059,506,810	8,616,895,464	811,285,903	2,436,294,003	305,359,625	3,176,152,338
2003	2,277,100,961	9,611,957,762	789,866,491	2,371,971,444	296,768,056	3,363,735,508
2004	2,310,268,668	9,741,401,301	770,103,724	2,312,623,796	285,352,828	3,365,725,220

Source: [1] City Assessor's Office.
[2] City License Collector's Office.

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

Calendar Year	Commercial	Residential	Total Real Property
2000	$ 3,039,961,722	$ 5,002,498,584	$ 8,042,460,306
2001	3,243,886,066	5,362,183,158	8,606,069,224
2002	3,248,435,938	5,368,459,526	8,616,895,464
2003	3,467,915,278	6,144,042,484	9,611,957,762
2004	3,533,864,775	6,207,536,526	9,741,401,301

Source: City Assessor's Office.

The tax rate levied on real and personal property for the General Revenue Fund of the City during Fiscal Year 2004 was $1.411 per $100 of assessed valuations and during Fiscal Year 2003 was $1.4574 per $100 of assessed valuations. The collection rate for the Fiscal Year 2004 was 86.9% compared to the rate of 90.5% for Fiscal Year 2003. Tax receipts paid in protest are distributed to the City after the normal due date for real property taxes. Consequently, the rate of collection as a percentage of current amounts due is understated.

The City's General Fund Real and Personal Property Tax revenue for the Fiscal Years set forth below, on a cash basis, was as follows:

Fiscal Year	Real Property	Personal Property
2000	$ 26,543,628	$ 10,881,453
2001	27,602,292	11,583,306
2002	29,274,005	12,206,249
2003	29,729,948	12,051,536
2004	31,133,552	11,308,831

Source: City Comptroller's Office

Payroll Tax

In an election held in 1988, voters approved a Payroll Tax. The Payroll Tax is one-half of one 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 set forth below, on a cash basis, was as follows:

Fiscal Year	Payroll Taxes
2000	$ 31,434,827
2001	34,719,193
2002	35,358,684
2003	31,890,987
2004	31,483,891

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 set forth below, on a cash basis, was as follows:

Fiscal Year	Other Taxes
2000	$ 1,444,646
2001	1,595,189
2002	1,358,594
2003	1,335,736
2004	1,427,576

Source: City Comptroller's Office

License Fees

License Fees are collected by the City for the use or sale of or conduct of business in the following categories: automobiles, cigarettes, liquor, business, contractors and certain miscellaneous items. A variety of business license 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 set forth below, on a cash basis, was as follows:

Fiscal Year	License Fees
2000	$ 15,938,251
2001	15,118,463
2002	15,674,582
2003	15,821,888
2004	17,164,611

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.

The City's General Fund Departmental Receipts revenue for the Fiscal Years set forth below, on a cash basis, was as follows:

Fiscal Year	Departmental Receipts
2000	$ 29,296,276
2001	31,134,787
2002	33,559,853
2003	33,834,201
2004	35,647,737

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 Child Support Unit-Circuit Attorney Fund and the Columbia Bottoms Fund. Remaining transfers represent funds which by law must first be deposited in a fund, other than the General Revenue Fund, which, after a determination by the Comptroller that such deposits are a surplus, are transferred to the General Revenue Fund. The City's Operating Transfers for Fiscal Years set forth below, on a cash basis, were as follows:

Fiscal Year	Operating Transfers[1]
2000	$ 18,361,988
2001	19,200,864
2002	19,775,991
2003	24,793,323
2004	18,664,916

[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 Missouri 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 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 recent decisions of the Missouri Supreme Court have indicated 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.

Major Taxpayers

The following tables set forth information regarding the top payers of earnings tax, payroll tax, real estate tax and personal property tax to the Collector of Revenue for the indicated period:

TOP 20 TAXPAYERS
EARNINGS TAX -- 2004 CALENDAR YEAR

Company Name	Amount Paid
Anheuser Busch	$ 5,448,700
Washington University	4,710,238
BJC Health System	4,534,474
SBC Communications	3,959,172
City of St. Louis	3,202,548
A.G. Edwards	2,580,237
St. Louis University	2,392,755
United States Postal Service	2,083,747
St. Louis Board of Education	2,066,154
Defense Finance & Accounting Service	1,923,810
May Company	1,731,140
Ameren Corporation	1,663,939
Tenet Health System	1,633,374
National Finance Center	1,495,622
Sigma Aldrich	1,408,324
Bank of America	1,386,913
State of Missouri	1,229,394
Nestlé Purina	1,018,448
Veterans Administration	992,819
RightChoice Managed Care	892,817

Source: City Collector of Revenue

TOP 20 TAXPAYERS
PAYROLL EXPENSE TAX -- 2004 CALENDAR YEAR

Company Name	Amount Paid
Anheuser Busch	$ 2,038,280
SBC Communications	1,985,023
A.G. Edwards	1,256,355
Tenet Health System	836,690
May Company	827,947
Ameren Corporation	573,239
Nestlé Purina	508,744
Sigma Aldrich	386,609
Thompson Coburn	350,884
Tyco Healthcare Group	341,043
St. Louis Cardinal LP	327,777
US Bank NA	292,387
RightChoice Managed Care	283,176
Laclede Gas	271,195
Union Pacific Railroad	265,895
Peabody Holding Company	227,052
St. Louis Post-Dispatch LLC	220,331
Solae LLC	166,870
Kiel Center Partners	165,346
Bryan Cave LLP	158,275

Source: City Collector of Revenue

TOP 20 TAXPAYERS
REAL ESTATE TAX -- 2004 CALENDAR YEAR

Company Name	Amount Paid
Anheuser Busch	$ 5,945,771
AmerenUE	5,157,472
Laclede Gas	4,794,575
SBC Communications	3,690,283
Tenet Health System	2,212,036
AGE Properties	2,090,702
First States Investor	1,994,724
TrizacHahn St., Louis Inc.	1,835,490
UGP-Kiener/Stadium Parking LLC	1,462,547
Union Center Redevelopment	1,116,747
Nestlé Purina	1,054,627
Mallinckrodt	837,502
Seven-Seventeen Redevelopment	716,928
Sigma Chemical Corporation	621,137
May Company	553,054
Kingsdell, LP	515,027
Mercantile/US/Firstar	444,094
Laclede Towers Association	437,737
Solutia Inc.	207,290
Oscar Woesterman et al.	198,734

Source: City Collector of Revenue

TOP 20 TAXPAYERS
PERSONAL PROPERTY TAX -- 2004 CALENDAR YEAR

Company Name	Amount Paid
SBC Service Inc.	$ 4,133,400
Laclede Gas	1,649,960
Tenet Health System	1,257,487
Anheuser-Busch Inc.	1,256,883
Ameren Union Electric Company	1,215,618
Nestlé Purina Petcare Inc.	523,799
IBM Credit Corp.	511,531
Cybertel Cellular	506,974
Charter Communications	484,023
Edwards A.G. Sons Inc.	467,372
E Missouri Cellular LP	334,495
IOS Capital	297,382
Mallinckrodt Inc.	290,742
President Riverboat Casino	283,539
May Company	281,979
J. S. Alberici Construction	268,309
Alantic Express	267,531
Bank of America	202,336
Kiel Center Partners LP	199,283
Gateway Hotel Partners	174,461

Source: City Collector of Revenue

CITY'S 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 insurance are handled by the City Counselor's Office. The City's staff of attorneys attempts to settle or defend all claims which may be 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 during the last five Fiscal Years were:

Fiscal Year	Expenditures
2000	$ 1,359,187
2001	1,967,405
2002	1,726,155
2003	1,392,281
2004	1,577,279

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 working with improved City safety efforts has resulted in a reduction of the number and severity of workers' compensation claims. This has also enabled the City to process claims and payments more timely as well as provide more timely and accurate statistical data.

Effective June 15, 2002, the City became self-insured for its employees' health insurance. An internal service fund has been established to account for payment of health insurance claims for participants. During Fiscal Year 2005, the City again contracted out the health insurance.

DEBT OF THE CITY

General

The City is authorized to issue general obligation bonds payable from unlimited ad valorem taxes upon a 2/3 majority vote of the qualified voters voting on the specific proposition. In August 1988, Missouri voters approved an amendment to the Missouri Constitution. The amendment reduced the majority vote required for the incurrence of debt for various public purposes by local government and other political subdivisions from 2/3 to 4/7 at elections on the general municipal election days or the state primary or general election days. Because the City Charter presently requires a 2/3 vote for the issuance of bonds of the City, voter approval of a Charter amendment is needed to reduce the majority requirements as authorized by the State constitutional amendment. Such a Charter amendment was submitted to City voters in August and November 1988; at each election the proposal received more than a majority of the votes cast, but less that 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 is also authorized to issue revenue bonds to finance capital improvements to its water system, sewer system and Airport facilities. These types of revenue bonds require a two-thirds vote of the qualified electorate voting on the specific proposition. All revenue bonds issued by the City are payable solely out of the revenue derived from the operation of the facility that is to be financed with the proceeds of such bonds. Revenue bonds do not constitute a pledge of the full faith and credit of the City and are not considered in determining the legal debt margins resulting from the limitations described herein.

Likewise, the City is authorized by statute to issue "Tax Increment Financing" obligations pertaining to 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. Such obligations are secured by increments of revenues attributable to property and other taxes generated by improvements to the project area, and may also 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 aforementioned incremental revenues are at least equal to 150% of the annual debt service payments on said bonds for five consecutive years. According to the Comptroller's office, the City has not covered any shortfalls to date; however, there can be no assurances that they will not be called upon to do so in the future.

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Outstanding Debt

The following table sets forth the principal amount of all bonds, other than the above mentioned Tax Increment Financing obligations, issued by the City which will be outstanding after the refunding of a portion of the Series 1999 Bonds on June 16, 2005:

Bonds	Amount Outstanding
General Obligation Bonds	$ 48,464,742
Water Revenue Bonds	34,320,000
Parking Revenue Bonds	66,264,000
Airport Revenue Bonds	894,735,000
Total	$ 1,043,783,742

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:

Description	Amount Outstanding April 30, 2005	Remaining Term in Years	Issue Date
Convention and Sports Facility Project and Refunding Bonds (includes Preservation Payments)	$ 70,481,000	17	Feb. 1997
Convention Center 1993A	2,567,205	9	June 1993
Convention Center Leasehold Refunding Series 2003	111,510,000	9	Apr. 2003
Police Board Lease 2003	4,435,000	3	Feb. 2003
Justice Center Series 1996A	6,910,000	3	Aug. 1996
Justice Center Series 1996B	20,225,000	8	Aug. 1996
Justice Center Leasehold Improvement Bonds Series 2000A	18,455,000	15	Feb. 2000
Justice Center Leasehold Revenue Bonds, Series 2001A	62,205,000	15	Sept. 2001
Civil Courts Revenue Refunding 2003A	20,465,000	8	May 2003
Forest Park Revenue Improvements	16,400,000	17	Mar. 1997
Kiel Site Rev Refunding Series 1997A	6,370,000	15	Aug. 1997
Kiel Site Rev Refunding Series 1997B	4,645,000	12	Aug. 1997
Firemen's Retirement System 1998	15,415,000	6	Apr. 1998
Carnahan Courthouse 2002	21,750,000	22	Apr. 2002
Rolling Stock 2004	7,593,705	13	July 2004
	$ 389,426,910		

[1] This pertains to the lease financing by the City, St. Louis County, and the State of Missouri, of an east expansion of the Convention Center. The bonds for the east expansion were issued by the Regional Convention and Sports Complex Authority, an entity created by State law. In addition to lease payments to pay debt service on the bonds, the City has agreed to pay the Authority $1,000,000 per annum during the term of the bonds to pay for renovations and repairs to the facility.

[2] Refinanced in September 2001.

[3] Refinanced Police Board Lease, Series 1994.

[4] Refinanced April 2003.

Source: City Comptroller's Office.

APPENDIX B

GENERAL PURPOSE FINANCIAL STATEMENTS
OF THE CITY OF ST. LOUIS, MISSOURI
FOR THE YEAR ENDED JUNE 30, 2004

APPENDIX C

DEFINITIONS OF WORDS AND TERMS

APPENDIX C
DEFINITIONS OF WORDS AND TERMS

"Additional Bonds" means any additional Bonds, including refunding bonds, issued by the Corporation pursuant to the Indenture.

"**Additional Rentals**" means the payments payable by the City pursuant to the Lease Agreement.

"**Authorized Denominations**" means Five Thousand Dollars ($5,000) or any integral multiple thereof.

"**Base Lease**" means the Base Lease between the City and the Corporation, dated as of August 1, 1996, as amended and supplemented by the First Supplemental Base Lease and the Second Supplemental Base Lease, and as may be further supplemented from time to time

"**Base Lease Rent**" means the items referred to as such in the Base Lease.

"**Base Lease Term**" means the term of the Base Lease commencing as of the date of the delivery of the Base Lease and ending on the date specified in the Base Lease.

"**Board of Aldermen**" means the Board of Aldermen of the City.

"**Bond**", "**Bonds**" or "**Series of Bonds"** means any bond or bonds, including Additional Bonds, authenticated and delivered under and pursuant to the Indenture.

"**Bond Counsel**" means an attorney or firm of attorneys with nationally recognized standing in the field of municipal bond financing approved by the Corporation and the City.

"Bond Fund" means the Leasehold Revenue Improvement Bonds Bond Fund created in the Indenture.

"**Bond Register**" means the register and all accompanying records kept by the Bond Registrar evidencing the registration, transfer and exchange of Bonds.

"Bond Registrar" means the Trustee when acting in such capacity under the Indenture.

"**Bondholder**", "**Holder**" or "**Registered Owner**" means the registered owner of any Bond.

"**Business Day**" means any day except Saturday, Sunday, a legal holiday, or a day on which banking institutions located in the States of Missouri and New York are authorized by law to close.

"**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 Justice Center**" means the City Justice Center acquired, constructed, equipped and installed on Tract II of the Property in the City, and any Improvements thereto, acquired, constructed, equipped and installed as part of the Project as described in Revised Schedule I to the Second Supplemental Lease Agreement, the Property and any other personality hereafter acquired by the Corporation and leased by the Corporation to the City pursuant to any Supplemental Lease Agreement with respect to the City Justice Center.

"**City Representative**" means the person or persons at the time designated to act on behalf of the City in matters not requiring legislative authorization relating to the Base Lease, the Lease Agreement and the Indenture as evidenced by a written certificate furnished to the Corporation and the Trustee containing the specimen signature of such person or persons and signed on behalf of the City by its Mayor and its Comptroller. For the purpose of investing the Bond proceeds the authorized City Representative shall be the

Treasurer or his designee. Such certificate may designate an alternate or alternates each of whom shall be entitled to perform all duties of the City Representative.

"**Closing Date**" means the date of delivery of and payment for any Series of Bonds.

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

"Construction Costs" means all reasonable and necessary expenses incidental to the acquisition (by lease or purchase, including condemnation) of real and personal property, construction, equipping and installing of furnishings and equipment for St. Louis Jail Facilities including the City Justice Center or any part thereof including without limitation architectural, engineering, legal, financial, administrative and accounting services relating thereto, the cost of all machinery, fixtures and equipment necessary or desirable in connection with the Project, costs as may be necessary or incidental to the Project and any and all other costs which in the opinion of Bond Counsel constitute construction expenditures within the meaning of Section 148(f)(4)(B)(i)(b) of the Code.

"Corporation" means the St. Louis Municipal Finance Corporation, a corporation organized under the Missouri Nonprofit Corporation Act, and its successors and assigns and any surviving, resulting or transferee corporation as provided in the Lease Agreement.

"Corporation Representative" means the person or persons at the time designated to act on behalf of the Corporation in matters relating to the Base Lease, the Lease Agreement and the Indenture as evidenced by a written certificate furnished to the City and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Corporation by its President or any Vice President. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Corporation Representative.

"Cost" or "Costs" means all Construction Costs, and all reasonable and necessary expenses of or incidental to the Project directly or indirectly payable or reimbursable by the Corporation and costs reasonable and necessary and related to the authorization, sale and issuance of Bonds with respect to the Project, including but not limited to, legal, organizational, marketing or other special services; capitalized interest, financial or underwriting fees and expenses and any other fees and expenses incurred including the costs of Credit Enhancement, if any; filing and recording fees; initial fees and charges of the Trustee; expenses of feasibility studies; title insurance policies and all other reasonable, necessary and incidental expenses, provided, that, any legal fees of the Corporation with respect to the Bonds shall be as pre-approved by the Comptroller prior to issuance of any Series of Bonds.

"**Costs of Issuance Fund"** means the Leasehold Revenue Improvement Bonds Costs of Issuance Fund created by the Indenture.

"**Counsel**" means an attorney duly admitted to practice law before the highest court of any state and, without limitation, may include legal counsel for either the City or the Corporation.

"**Credit Enhancement**" means a letter of credit, surety bond or municipal bond new issue insurance policy or policies, if any, issued by the Credit Provider guaranteeing, providing for or insuring the payment when due of the principal of, and the interest on, one or more series of Bonds as provided therein.

"**Credit Provider**" means, with respect to the Series 2005 Bonds, AMBAC Assurance Corporation, or any successor thereto.

"**Dated Date**" means the dated date of any series of Bonds as set forth in any supplemental indenture related to such series of Bonds and with respect to the Series 2005 Bonds means September 1, 2005.

"**Debt Service Reserve Fund**" means the Leasehold Revenue Improvement Bonds Debt Service Reserve Fund created in the Indenture.

"**Debt Service Reserve Fund Deposits**" means with respect to any Series of Bonds the deposits into the Debt Service Reserve Fund, if any, required by the Supplemental Indenture authorizing such Series of Bonds.

"**Debt Service Reserve Fund Requirement**" means the least of (i) the maximum annual debt service on the Bonds Outstanding, (ii) 10% of the original proceeds of each Series of Bonds or (iii) 125% of the average annual debt service requirements on the Bonds. The Debt Service Reserve Fund Requirement may be satisfied by Debt Service Reserve Fund Deposits in cash or in partial substitution or in lieu of cash by an insurance policy, letter of credit, line of credit or surety bond or similar liquidity or credit facility guaranteeing payments into the Debt Service Reserve Fund in the amount of the Debt Service Reserve Fund Requirement which facility shall be issued by an entity that is rated in one of the two highest rating categories by any rating agency which rates such facility.

"**Defeasance Obligations**" means (i) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in (ii) below) or (ii) direct obligations of, or obligations guaranteed by, the Department of the Treasury of the United States of America (including obligations issued or held in book-entry form) which are non-callable. The value of Defeasance Obligations shall be determined as provided in the definition of "Value" 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, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, and its successors and assigns.

"**Escrow Account**" means the account by that name created pursuant to the Escrow Agreement.

"**Escrow Agreement**" means the Escrow Deposit Agreement, among the City, the Corporation and UMB Bank, N.A., as Escrow Agent, dated as of the September 1, 2005.

"**Event of Default**" means (i) with respect to the Lease Agreement any Event of Default as defined in the Lease Agreement, and (ii) with respect to the Indenture any Event of Default as defined in the Indenture.

"**Event of Non-Appropriation**" means the failure of the City to appropriate sufficient funds for the payment of Rentals and Additional Rentals for the succeeding Fiscal Year.

"**First Supplemental Base Lease**" means the First Supplemental Base Lease, dated as of February l, 2000, between the City and the Corporation.

"**First Supplemental Indenture**" means the First Supplemental Indenture of Trust dated as of August 1, 1996, between the Corporation and the Trustee authorizing the issuance of Series 1996 Bonds.

"**First Supplemental Lease Agreement**" means the First Supplemental Lease Purchase Agreement, dated as of February 1, 2000, between the Corporation and the City.

"**Fiscal Year**" means the fiscal year now or hereafter adopted by the Corporation and, with respect to the City, its fiscal year currently beginning on July 1 of each calendar year.

"**Fitch**" shall mean Fitch, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Fitch shall mean any other nationally recognized

securities rating agency designated by the Corporation, with the approval of the City, by notice to the Trustee and the City.

"**Fourth Supplemental Indenture**" means the Fourth Supplemental Indenture of Trust dated as of September 1, 2005, between the Corporation and the Trustee authorizing the issuance of Series 2005 Bonds.

"**Full Replacement Value**" means the actual replacement cost of any component of the St. Louis Jail Facilities, exclusive of land, excavations, footings, foundations and parking lots, but in no event shall such value be less than the principal amount of the Bonds at the time Outstanding.

"**Global Bond Certificates**" means one or more bond certificates of the Corporation, each certificate representing the entire principal amount of the Bonds due on a particular Stated Maturity, immobilized from general circulation in the Depository.

"**Impositions**" means those taxes, assessments and other impositions defined in the Lease Agreement.

"**Improvements**" means the improvements, fixtures and equipment constituting a part of the St. Louis Jail Facilities now or hereafter attached and all replacements thereto.

"**Indenture**" means the Master Indenture, as amended and supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, and the Fourth Supplemental Indenture as may be further amended and supplemented in accordance with the provisions of the Indenture.

"**Insurance Trustee**" means The Bank of New York or any successor duly appointed by the Credit Provider.

"**Interest Payment Date**" shall mean with respect to the Series 2005 Bonds February 15 and August 15 of each year, beginning February 15, 2006, as long as the any Series 2005 Bonds remain Outstanding.

"**Lease Agreement**" means the Lease Purchase Agreement dated as of August 1, 1996, between the Corporation and the City, dated as of August 1, 1996 as amended and supplemented by the First Supplemental Lease Agreement and the Second Supplemental Lease Agreement, and as may be further amended from time to time.

"Master Indenture" means the Indenture of Trust, dated as of August 1, 1996, by and between the Corporation and the Trustee.

"**Maturity**" means, with respect to any Bond, the date on which the principal of such Bond becomes due and payable as provided therein or in the Indenture, whether at the Stated Maturity or by declaration or acceleration or call for redemption or otherwise.

"**Medium Security Correctional Facility**" means the existing medium security correctional facility, together with all improvements thereto and equipment thereon located on the property described in Tract I on Schedule I to the Lease Agreement.

"**Moody's**" shall mean Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Moody's shall mean any other nationally recognized securities rating agency designated by the Corporation, with the approval of the City, by notice to the Trustee and the City.

"**Non-Arbitrage Certificate**" means the non-arbitrage certificate, the tax certificate as to arbitrage or the tax compliance agreement and any exhibit attached thereto relating to certain tax matters relating to a Series of Bonds executed in connection with the closing of such Series of Bonds.

"**Outstanding**" means, when used with reference to Bonds, as of a particular date, all Bonds theretofore authenticated and delivered, except:

a) Bonds theretofore canceled by the Trustee or delivered to the Trustee for canceling,

b) Bonds which are deemed paid under the Indenture;

c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Indenture; and

d) Bonds held by or for the account of the Corporation, the City or any person controlling, controlled by or under common control with either of them for purposes of any consent or other action to be taken by the holders of a specified percentage of Bonds outstanding under the Indenture, the Base Lease or the Lease Agreement.

"Participants" means those financial institutions for whom the Depository effects book-entry transfers and pledges of securities deposited with the Depository.

"**Paying Agent**" means the Trustee and any other bank or trust institution organized under the laws of any state of the United States or any national banking association designated by the Master Indenture or any Supplemental Indenture as paying agent for any series of Bonds at which the principal or redemption premium, if any, and interest on such Bonds shall be payable.

"Permitted Encumbrances" means:

a) with regard to the City Justice Center, such easements, encumbrances and restrictions as are identified in Schedule B of the title company's commitment for title insurance effective on the date on which the City acquires title to the Property through condemnation or purchase;

b) any financing statements relating to the Indenture, the Base Lease or the Lease Agreement;

c) Impositions which are not then delinquent, or if then delinquent, are being contested in accordance with the Lease Agreement;

d) utility, access and other easements and rights-of-way, restrictions and exceptions, including operating agreements or leases, none of which will interfere with or impair the operation of the St. Louis Jail Facilities (or, if it is not being operated, the operation for which it was designed or last modified);

e) any mechanic's, laborer's, materialman's, supplier's or vendor's lien or rights in respect thereof if payment is not yet due under the contract in question or if such lien is being contested in accordance with the Lease Agreement;

f) such minor defects and irregularities of title as normally exist with respect to properties similar in character to the Property and which the Corporation certifies do not materially adversely affect the value of the St. Louis Jail Facilities or impair the Property affected thereby for the purpose for which it was acquired or is held by the Corporation;

g) zoning laws and similar restrictions which are not violated by the St. Louis Jail Facilities;

h) the Base Lease; and

i) the Lease Agreement.

"Permitted Investments" means Defeasance Obligations for all purposes other than (i) investments in escrow accounts and (ii) investing and receiving credit for accrued and capitalized interest:

1) obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

--Export-Import Bank
--Farm Credit System Financial Assistance Corporation
--Farmers Home Administration
--General Services Administration
--U.S. Maritime Administration
--Small Business Administration
--Government National Mortgage Association (GNMA)
--U.S. Department of Housing & Urban Development (FHA's)
--Federal Housing Administration

2) senior debt obligations rated "AAA" by S&P and "Aaa" by Moody's issued by the Federal National Mortgage Association of the Federal Home Loan Mortgage Corporation. Senior debt obligations of other Government-sponsored Agencies approved by AMBAC Assurance Corporation;

3) U.S. dollar denominated deposit accounts, federal funds and banker's 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 "A1" 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 of America or of any agency, instrumentality or local governmental unit of any such state which are not callable to the option of the Corporation prior to maturity or as to which irrevocable instructions have been given by the Corporation to call on the date specified in the notice; and

A. 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

B. (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or Defeasance Obligations, 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 instruction, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of an interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate; Pre-refunded Municipal Obligations meeting the requirements of subsection (B) hereof may not be used as Permitted Investments for annual appropriation lease transactions without the prior written approval of S&P.

7) investment agreements approved in writing by AMBAC Assurance Corporation, supported by appropriate opinions of counsel, with notice to S&P; and

8) other farms of investments (including repurchase agreements) approved in writing by AMBAC Assurance Corporation with notice to S&P.

The value of Permitted investments shall be determined as provided in the definition of "Value" herein.

"**Pledge Agreement**" means the Pledge Agreement by and between the City and the Trustee, dated as of August 1, 1996, as amended by the First Supplemental Pledge Agreement by and between the City and the Trustee, dated as of September 1, 2005, and as may be further amended from time to time.

"Pledged Revenues" means the amount to be received by the Trustee on behalf of the City pursuant to Section 221.105 of the Missouri Revised Statutes, as amended, and as further described under the Pledge Agreement.

"Pledged Revenues Account" means the account by that name created pursuant to the First Supplemental Indenture.

"Principal Payment Date" means with respect to the Series 2005 Bonds February 15 of each year, beginning on February 15, 2006, as long as the Series 2005 Bonds remain Outstanding.

"**Project**" means the acquisition (by lease or purchase, including condemnation) of real and personal property, construction, equipping and installing of furnishings and equipment for St. Louis Jail Facilities, including the City Justice Center in accordance with Exhibit B of the First Supplemental Indenture and the refunding of the Series 1992 Bonds.

"**Property**" means the real property described in Revised Schedule I to the Second Supplemental Lease Agreement and situated in the City including all streets and roads adjoining thereto and all easements and rights of way now or hereafter used in connection therewith together with all land lying in the bed of any street or road, open or proposed, in front of or adjoining such site to the center line thereof now or hereafter used in connection with such site.

"**Rebate Fund**" means the Leasehold Revenue Improvement Bonds Rebate Fund established in the Indenture.

"**Record Date**" means, with respect to any Interest Payment Date, the first day (whether or not a business day) of the calendar month in which such Interest Payment Date occurs.

"**Redemption Date**"; when used with respect to any Bond to be redeemed, means the date fixed for redemption pursuant to the Indenture and the Supplemental Indenture applicable thereto.

"**Redemption Notice Information**" means information in a written and dated notice from the Trustee which (i) identifies the Bonds to be redeemed by the name of the issue (including the name of the

issuer and any series designation), CUSIP number, if any, Dated Date, interest rate, Stated Maturities and any other descriptive information the Trustee deems desirable to accurately identify the Bonds to be redeemed and, if only a portion of the Bonds will be redeemed, the certificate numbers and the principal amount of the Bonds to be redeemed, (ii) identifies the date on which the notice is published and the Redemption Date, (iii) states the price at which the Bonds will be redeemed, (iv) states that interest on the Bonds or the portions of Bonds called for redemption will stop accruing from the Redemption Date if funds sufficient for their redemption and available for that purpose are on deposit with the Trustee on the Redemption Date, (v) states that payment for the Bonds will be made on the Redemption Date at the principal corporate trust office of the Trustee during normal business hours upon the surrender of the Bonds to be redeemed in whole or in part and (vi) identifies by name and telephone number a representative of the Trustee who may be contacted for additional information.

"**Refunded Bonds**" means the Series 2000A Bonds maturing on February 15, 2006, and on February 15, 2011 and thereafter.

"**Rentals**" or "**Rent**" means those payments required to be made by the City pursuant to the Lease Agreement.

"**Replacement Bonds**" means the Bonds authenticated and delivered by the Bond Registrar pursuant to the First Supplemental Indenture and the Indenture.

"**S&P**" means Standard & Poor's, a division of McGraw-Hill, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall mean any other nationally recognized securities rating agency designated by the Corporation, with the approval of the City, by notice to the Trustee and the City.

"**Second Supplemental Base Lease**" means the Second Supplemental Base Lease by and between the City and the Corporation, dated as of September 1, 2005.

"**Second Supplemental Lease Agreement**" means the Second Supplemental Lease Purchase Agreement by and between the Corporation and the City, dated as of September 1, 2005.

"Second Supplemental Indenture" means the Second Supplemental Indenture of Trust between the Corporation and the Trustee authorizing the issuance of Series 2000A Bonds.

"**Series**" means all of the Bonds delivered on original issuances in a simultaneous transaction and identified pursuant to the Indenture or pursuant to a Supplemental Indenture authorizing the issuance of such Bonds as a separate Series, and any Bonds thereafter delivered in lieu of or in substitution for such Bonds pursuant to the Indenture, regardless of variations in maturity, interest rate, or other provisions. If a Series of Bonds is sold in installments, Series shall mean all of the Bonds of such installment.

"Series 1996 Bonds" means the Series 1996A Bonds and the Series 1996B Bonds.

"**Series 1996A Bonds**" means the City Justice Center Leasehold Revenue Improvement Bonds, Series 1996A, authorized by the First Supplemental Indenture.

"**Series 1996B Bonds**" means the City Justice Center Leasehold Revenue Improvement and Refunding Bonds, Series 1996B, authorized by the First Supplemental Indenture.

"**Series 2000A Bonds**" means the City Justice Center Leasehold Revenue Bonds, Series 2000A, authorized by the Second Supplemental Indenture.

"**Series 2001A Bonds**" means the City Justice Center Leasehold Revenue Refunding Bonds, Series 2001A authorized by the Third Supplemental Indenture.

"**Series 2005 Bonds**" means the City Justice Center Leasehold Revenue Refunding Bonds, Series 2005 (The City of St. Louis, Missouri, Lessee), authorized by the Fourth Supplemental Indenture.

"**Series 2005 Financial Guaranty Insurance Policy**" means the financial guaranty insurance policy issued by the Credit Provider insuring the payment when due of the principal of and interest on the Series 2005 Bonds as provided therein.

"**Series 2005 Guaranty Agreement**" means the Guaranty Agreement, dated as of September 1, 2005, by and the City and the Credit Provider.

"**Series 2005 Ordinance**" means Ordinance No. 66771 of the City enacted on July 20, 2005, which authorizes, among other things, the issuance, sale and delivery of the Series 2005 Bonds, in accordance with the Indenture, and any amendments or supplements thereto.

"**Series 2005 Resolution**" means the Resolution adopted by the Board of Directors of the Corporation authorizing, among other things, the issuance, sale and delivery of the Series 2005 Bonds, and the execution of certain documents related thereto in accordance with the Master Indenture and the Fourth Supplemental Indenture and any amendments or supplements thereto.

"**Series 2005 Surety Bond**" means the surety bond issued by the Credit Provider in the amount of $1,548,500, which guarantees payment of the Series 2005 Bonds, the value of which surety bond will be reduced as provided and subject to the limitations set forth therein.

"**State**" means the State of Missouri.

"**Stated Maturity**" means, when used with respect to any Bond, the date specified in the Master Indenture or in any Supplemental Indenture authorizing Additional Bonds as the fixed date on which the principal of such Bond is due and payable.

"**St. Louis Jail Facilities**" means the existing Medium Security Correctional Facility, improvements to be acquired, constructed, installed and equipped, if any, situated on the Property described on Schedule I to the Lease Agreement, together with all improvements and equipment thereon, the City Justice Center to be constructed with proceeds of the Series 1996 Bonds and any additional jail facilities constructed with the proceeds of Additional Bonds, provided, however, that upon the date on which the payment of all principal and interest on the Series 1996B Bonds has been fully made or provided for pursuant to Section 1301 of the Indenture, the term "St. Louis Jail Facilities" shall no longer include the Medium Security Correctional Facility.

"**Supplemental Base Lease**" means any lease supplemental or amendatory to the Base Lease entered into by the City and the Corporation pursuant to the Base Lease.

"Supplemental Indenture" means any indenture supplemental or amendatory to the Indenture entered into by the Corporation and the Trustee pursuant to the Indenture.

"**Supplemental Lease Agreement**" means any lease purchase agreement supplemental or amendatory to the Lease Agreement entered into by the Corporation and the City pursuant to the Lease Agreement and the Indenture.

"**Term**" or "**Lease Term**" means the term of the Lease Agreement beginning as of August 1, 1996, and ending (i) the last day of the then current Fiscal Year of the City during which there occurs an Event of Non-Appropriation with respect to the City; (ii) the date on which there occurs an Event of Default with respect to the City under the Lease Agreement if the Corporation or the Trustee elects such remedy pursuant to the Lease Agreement (iii) the date upon which all Rentals and Additional Rentals, as the case may be, required under the Lease Agreement shall be paid by the City or (iv) upon the discharge of the Indenture as provided in the Indenture. Notwithstanding the foregoing, the term of the Lease Purchase Agreement shall terminate with respect to Tract I of the Property described in Schedule I to the Lease Purchase Agreement,

but only as to such Tract I property and all improvements and equipment located thereon, on the date on which payment of principal and interest on all the Series 1996B Bonds have been made or provided for in the Indenture.

"Third Supplemental Indenture" means the Third Supplemental Indenture of Trust dated as of September 1, 2001 between the Corporation and the Trustee authorizing the issuance of Series 2001A Bonds.

"**Tract I**" means the Property described as Tract 1 on Revised Schedule I of the Second Supplemental Lease Agreement upon which the medium security prison is currently situated.

"**Tract II**" means the Property described as Tract II on Revised Schedule I of the Second Supplemental Lease Agreement upon which the City Justice Center is currently situated.

"**Treasurer**" means the Treasurer of the City.

"**Trust Estate**" means the Trust Estate described in the Granting Clauses of the Indenture.

"**Trustee**" means UMB Bank, N.A., formerly known as UMB Bank of St. Louis, N.A., St. Louis, Missouri, as trustee under the Indenture and any successors or assigns.

"**United States Government Obligations**" means bonds, notes, certificates of indebtedness, treasury bills, or other securities constituting direct obligations of the United States of America or obligations the payment of the principal of and interest of which are fully and unconditionally guaranteed by the United States of America.

"**Value**" means the value, determined as of the end of each month, of Permitted Investments and/or Defeasance Obligations (together, "investments") which shall be calculated as follows:

a) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times or other national publication acceptable to the Trustee): the average of the bid and asked prices for such investments so published at or most recently prior to such time of determination;

b) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal (if not there, then in the alternative, The New York Times or other national publication acceptable to the Trustee): the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

c) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and

d) as to any investment not specified above: the value thereof established by prior agreement between the Corporation, the Trustee and the Credit Provider.

"Written Request" with reference to the Corporation means a request in writing signed by the Corporation Representative and with reference to the City means a request in writing signed by the City Representative, or any other officers designated by the Corporation or the City, as the case may be, to sign such Written Request.

APPENDIX D

SUMMARIES OF LEGAL DOCUMENTS

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SUMMARY OF LEASE AGREEMENT

The following is a summary of certain provisions of the Lease Agreement, dated as of August 1, 1996, by and between the Corporation and the City, as amended by the First Supplemental Lease Agreement, dated as of February 1, 2000, and the Second Supplemental Lease Agreement, dated as of September 1, 2005 (collectively the "Lease Agreement"). Pursuant to the terms of the Base Lease, dated as of August 1, 1996, by and between the City and the Corporation, as amended and supplemented by the First Supplemental Base Lease, dated as of February 1, 2000, and the Second Supplemental Base Lease, dated as of September 1, 2005, the City leased to the Corporation certain real estate located in the City, including the buildings, structures and improvements thereon (the "Property"). Pursuant to the Lease Agreement, the Corporation leased to the City the Property, including the City Justice Center, with the proceeds of the Bonds, the City will pay, subject to annual appropriations, Rentals at such times and in such amounts as to assure that no default in the payment of the principal of, premium, if any, and interest on the Bonds will occur at any time. This summary does not purport to be complete or comprehensive, and this summary is qualified in its entirety by reference to the Lease Agreement, a copy of which is available from the Comptroller prior to closing and from the Trustee thereafter.

Provisions For Payment

Rentals. The City, subject to annual appropriation, will pay or cause to be paid (the latter with respect to amounts to be paid to the Trustee pursuant to the Pledge Agreement) the amounts required by the Lease Agreement. The Rentals made by the City under the Lease Agreement will be sufficient to pay the principal of, premium, if any, and interest on the Bonds until the principal of, premium, if any, and interest on the Bonds shall have been fully paid. The City shall pay to the Trustee, in funds which will be immediately available not less than five (5) Business Days before the date any payment is due, as Rentals in respect of the Project, amounts which 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 become due, whether at Stated Maturity, upon redemption or acceleration or otherwise.

In the Lease Agreement, the City covenants that it will pay Rentals at such times and in such amounts as to assure that no default in the payment of principal of, premium, if any, or interest on the Bonds will at any time occur. If the balance in the Bond Account in the Bond Fund for any Series of Bonds (not subject to the lien of the Trustee for fees and expenses) and in the Pledged Revenue Account in the Bond Fund, as of the date of the notice provided to the City and the Corporation pursuant to 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 such Series of Bonds in accordance with the provisions of the Lease Agreement, the City will pay as Rentals any such deficiency to the Trustee for deposit in the applicable Bond Account in immediately available funds. If the balance available in the Bond Account of the Bond Fund for any Series of Bonds (not subject to the lien of the Trustee under the Indenture) and in the Pledge Revenue Account, as of the date of the notice provided to the City and the Corporation pursuant to the Indenture, is equal to or greater than the sum required to make the payment of principal of, interest and premium, if any, on such Series of Bonds then payable in accordance with the provisions of the Lease Agreement, the City shall not be obligated to pay Rentals. In such event, all further applications of any amounts remaining in the Pledged Revenue Account shall be effectuated pursuant to the Indenture and the Pledge Agreement. In such event, any amounts remaining in the account or subaccount of the Bond Fund for any Series of Bonds (not subject to the lien of the Trustee under the Indenture) shall remain on deposit in such account or subaccount of the Bond Fund to be expended pursuant to the Indenture. The City covenants and agrees to make the Rentals to the Trustee at its principal corporate trust office for the account of the Corporation during the Lease Term on or before 11:00 a.m., Trustee's local time, in the appropriate amount, and on the Rental payment dates. All Rentals shall be deposited by the Trustee in accordance with the provisions of the Indenture, and shall be used and applied by the Trustee in the manner and for the purpose set forth in the Indenture.

Additional Rentals. The City shall pay or cause to be paid, subject to the annual appropriation, the following as Additional Rentals:

a) Fees, charges and expenses of the Trustee under the Indenture;

b) Impositions;

c) Such further sums of money, in cash, as may be required from time to time to the extent that adequate funds are not available to pay all principal of and all interest, and any redemption premium accruing on the Bonds, as the same become due and payable;

d) All costs incident to the payment of principal of and interest on the Bonds, as the same shall become due and payable, including all costs, premiums and expenses in connection with the call, redemption and payment of all Outstanding Bonds which amounts shall be deposited in the Bond Fund;

e) The payments, if any, which the City is required to deposit into the Debt Service Reserve Fund in accordance with the procedure set forth in the Indenture;

f) All reasonable expenses and advances incurred or made in connection with the enforcement of any rights under the Lease Agreement or the Indenture by the Corporation or the Trustee and an" reasonable expenses incurred by the Corporation to enable it to comply with the provisions of the Base Lease, the Lease Agreement or the Indenture;

g) All reasonable fees and expenses of a Credit Provider, if any, for the provision of any Credit Enhancement, including any reimbursements and any amounts owing under any credit agreement;

h) All reasonable and necessary fees and expenses the Corporation incurred in connection with the Bonds or the establishment and maintenance of the Corporation's status as a Missouri nonprofit corporation or a qualified 501(c)(3) corporation; and

i) All amounts required to be rebated to the United States as provided in the Indenture.

Term of Lease Agreement

The term of the Lease Agreement commenced as of August l, 1996, and shall terminate on the earliest of the occurrence of any of the following events: (i) the last day of the then current Fiscal Year of the City during which there occurs an Event of Non-Appropriation with respect to the City; (ii) the date on which there occurs an Event of Default by the City under the Lease Agreement if the Corporation or the Trustee elects such remedy pursuant to the Lease Agreement; (iii) the date on which all Rentals and Additional Rentals, as the case may be, required under the Lease Agreement shall be paid by the City; or (iv) the date of discharge of the Indenture as provided in Article XIII of the Indenture. The term of the Lease Agreement shall terminate with respect to Tract I of the Property described in Revised Schedule I to the Second Supplemental Lease Agreement, but only as to such Tract I and all improvements and equipment located thereon, with the consent of AMBAC Assurance Corporation, on the date on which payment of principal of and interest on all the Series 1996B Bonds has been made or provided for pursuant to the Indenture. The Lease Agreement provides that the City will give notice to the Corporation with a copy to the Trustee as early as practicable in each Fiscal Year and in any case no later than three (3) Business Days following the date on which the budget of the next succeeding Fiscal Year is finally approved by the Board of Aldermen of the City of either (i) the termination of the Lease Agreement or (ii) that sufficient funds have been budgeted and appropriated to make all payments of Rentals and reasonably estimated Additional Rentals due under the Lease Agreement during the next succeeding Fiscal Year. Notice that sufficient funds have been appropriated for the next succeeding Fiscal Year shall be accompanied by evidence satisfactory to the Corporation that sufficient funds have been budgeted and appropriated to make all Rentals for the Fiscal

Year to which such notice pertains and to make such payments of reasonably estimated Additional Rentals as shall be required during such Fiscal Year by the terms of the Lease Agreement.

SHOULD THE CITY GIVE A NOTICE OF TERMINATION, THE CITY'S RIGHT TO USE THE PROPERTY UNDER THE LEASE AGREEMENT SHALL TERMINATE WITHOUT PENALTY ON THE LAST DAY OF THE THEN CURRENT FISCAL YEAR. ALL OTHER TERMS OF THE LEASE AGREEMENT AND THE INDENTURE, HOWEVER, INCLUDING THE CITY'S RIGHT TO PURCHASE THE PROPERTY AND THE TRUSTEE'S OBLIGATIONS TO THE BONDHOLDERS AND RIGHT TO RECEIVE AND DISBURSE FUNDS SHALL CONTINUE UNTIL THE LIEN OF THE INDENTURE IS DISCHARGED. ALL OBLIGATIONS OF THE CITY TO PAY ANY AMOUNTS TO THE HOLDERS AND TO THE TRUSTEE HEREUNDER SHALL THEREAFTER BE SATISFIED ONLY AS PROVIDED IN THE INDENTURE AND, WITH RESPECT TO AN EVENT OF NON-APPROPRIATION PRIOR TO SUCH EXPIRATION OR TERMINATION AS PROVIDED IN THE LEASE AGREEMENT, ARE PAYABLE PRIOR TO THE TERMINATION OF THE LEASE AGREEMENT. THE TERMINATION OR EXPIRATION OF THE TERM OF THE LEASE AGREEMENT, OF ITSELF, SHALL NOT DISCHARGE THE LIEN OF THE INDENTURE.

Subject to the following two paragraphs, the payment obligations of the City under the Lease Agreement are absolute and unconditional, free of deductions and without abatement, offset, recoupment, diminution or setoff whatsoever, and shall be sufficient to provide all funds required for debt service on the Bonds, funding of the Debt Service Reserve Fund, and all other amounts required under the Indenture.

Nothing in the Lease Agreement shall be construed 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, the City is required upon the request of the Trustee or the Corporation to immediately quit and vacate the Property, and the Rentals and Additional Rentals (except for payments which have been theretofore appropriated and then available for such purpose) will thereupon cease, and the City will not be obligated to pay any Rentals or Additional Rentals to the Corporation under the Lease Agreement, except as provided therein. If the City fails to pay any required Rentals or Additional Rentals, the Trustee may bring legal action to evict the City from the Property.

The Rentals and Additional Rentals constitute current expenses of the City and the City's obligations under the Lease Agreement are from year to year, and do not constitute a mandatory payment obligation of the City in any ensuing Fiscal Year beyond the current Fiscal Year. No provision of the Lease Agreement is to 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.

The City covenants and agrees in the Lease Agreement 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 will be made in each Fiscal Year so that the City's Rentals and a reasonable estimate of Additional Rentals to be paid during the succeeding Fiscal Year will be available for such purposes. It is the intention of the City that the decision to appropriate the City's Rentals and Additional Rentals to provide financing for the Project pursuant to the Lease 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 Term, to appropriate funds for the City to provide financing for the Project in an amount sufficient to pay principal of, interest on and redemption premium, if any, on the Bonds. Upon such appropriation, the Rentals and reasonably estimated Additional Rentals will be available for such Fiscal Year to be drawn upon to make payments pursuant to the terms of the Lease Agreement after the budget is adopted and in no event later than July 1st of each year.

Subject to the provisions described above with respect to the failure of the City to budget or appropriate funds to pay the Rentals and a reasonable estimate of Additional Rentals, the City intends to

continue the Lease Term, and to pay the Rentals and Additional Rentals under the Lease Agreement. The City states in the Lease Agreement that it reasonably believes legally available funds in an amount sufficient to pay all Rentals and Additional Rentals during the Lease Term can be obtained.

City's Option To Purchase Corporation's Interest

The City has the option to purchase the Corporation's leasehold interest in the Property and to terminate the Base Lease and the Lease Agreement at any time during the Base Lease Term (subject to the requirements of the Lease Agreement) upon payment of the principal, interest and redemption premium, if any, on the Bonds or providing funds for the Corporation to make provision for their payment pursuant to the Indenture and the payment of all Additional Rentals. Except as otherwise provided in the Lease Agreement, the City will give at least sixty (60) days written notice to the Corporation and to the Trustee of its intent to exercise the option and so terminate the Lease Agreement. Payment of the final Rentals and Additional Rentals constitutes exercise of the option granted in the Lease Agreement without further action by the City. If the City receives notice of an Event of Default pursuant to the Indenture, the City has the option to purchase the Corporation's leasehold interest in the Property under the Base Lease and to terminate the Lease Agreement upon payment of the Bonds or providing funds for the Corporation to make provision for their payment pursuant to the Indenture and the payment of all Additional Rentals. The City must give notice of its intent to exercise such option to the Corporation and the Trustee not later than ninety (90) days after receipt of notice of any such Event of Default.

Property Insurance

The City, under its customary insurance practices (which may include self-insurance subject to availability of appropriation therefor) or otherwise, must take such measures as may be necessary or appropriate in accordance with sound business practices to insure the Property to the extent insurable against loss included in all risk insurance policies then in use in the State. Any such insurance may be subject to reasonable deductibles and shall name the Trustee as an additional insured. Any self-insurance program and the principal amount of Outstanding Bonds shall be established and maintained in accordance with the City's customary insurance practices.

Liability Insurance

The Lease Agreement provides that the City under its customary insurance practice (which may include self-insurance subject to availability of appropriation therefor) or otherwise, must take such measures as may be necessary to insure against liability for injuries to or disability or death of any person or damage to or loss of property arising out of or in any way relating to the condition or the operation of the Property or any part thereof during the term of the Lease Agreement. Such policy or policies are required to name the Trustee as an additional insured. The net proceeds of all such self-insurance or other insurance is be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds may be paid. The City will indemnify the Corporation and the Trustee for any loss, damage or expense incurred, paid or suffered by them as a result of any suit or claim of a nature covered by such insurance, to the full extent permitted by State law.

Damage, Destruction and Condemnation; Use of Net Proceeds

Unless the City has exercised its option to purchase the Corporation's interest under the Base Lease and terminate the Lease Agreement, if the Property is destroyed or damaged by fire or other casualty, or if title to or the temporary use of the Property or the interest of the City or the Corporation therein is 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 is required, subject to the following paragraph, to cause the net proceeds of any insurance or condemnation award to be applied to the prompt repair, restoration, modification or improvement of the Property by the City, free of liens other than Permitted Encumbrances. Any balance of the net proceeds remaining after such work has been completed is to be applied as provided in the Indenture.

If the City determines that repair, restoration, modification or improvement of the 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 is required to 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, any such net proceeds shall be applied by the City to the payment of the Outstanding Bonds called for redemption, and shall pay the fees and expenses of the Corporation and the Trustee, together with all amounts due under the Indenture and under the Lease Agreement, and all amounts required to be rebated to the federal government pursuant to the Indenture or the Non-Arbitrage Certificate.

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 Property, subject to the appropriation of sufficient funds, the City is required to complete the work and pay any costs in excess of the amount of the net proceeds. The City agrees that if it makes any payments pursuant to this provision, it will not be entitled to any reimbursement therefor from the Corporation or any diminution of any amount payable under the Lease Agreement.

Assignment, Subleasing and Licensing by the City

The Lease Agreement may not be assigned by the City without the written consent of the Corporation. However, the Property or any part thereof, may be subleased by the City, in whole or in part, without the consent of the Corporation and the Credit Provider, subject, however, to each of the following conditions:

(a) The Lease Agreement and the obligation of the City to pay Rentals and Additional Rentals thereunder and to perform all of the terms, covenants and conditions of the Lease Agreement and of any other security document to which it shall be a party remain obligations of the City and any assignee or transferee or sublessee of the City shall have assumed in writing and have agreed to keep and perform all of the terms of the Lease Agreement on the part of the City to be kept and performed and shall be jointly and severally liable with the City for the performance thereof, and shall be subject to service of process in the State, and, if a corporation, shall be qualified to do business in the State, and in the opinion of Counsel, such assignment or transfer or sublease does not legally impair in any respect the obligations of the City for the payment of all Rentals nor for the full performance of all of the terms, covenants and conditions of the Lease Agreement or of any other security documents to which the City is a party, nor impair or limit in any respect the obligations of any Corporation under any other security documents.

(b) The City is required within ten (10) days after the delivery of a sublease, to furnish or cause to be furnished to the Corporation, the Credit Provider and the Trustee a true and complete copy of such sublease.

(c) No sublease by the City shall cause the Property or any portion thereof being subleased to be used for a purpose other than a governmental or proprietary function authorized under the provisions of the constitution and laws of the State and the Charter of the City.

(d) Before entering into any sublease, the City shall obtain and file with the Trustee and the Corporation an opinion from Bond Counsel to the effect that the sublease will not cause the interest on the Bonds to become subject to federal or Missouri income taxes.

(e) Notification to Moody's.

The City may grant licenses to use all or any portion of the Property in the normal course of business without the consent of the Corporation or the Credit Provider.

Event of Non-Appropriation

If an event of Non-Appropriation shall occur and be continuing, upon receipt of a certificate from a City Representative which states that the City has not appropriated the funds required to be appropriated by the City, or upon receipt of other notice of the occurrence of any Event of Non-Appropriation with respect to the City, the Trustee shall immediately notify the Corporation of such occurrence.

Non-Substitution Covenant

The City covenants and agrees in the Lease Agreement that, to the extent permitted by law, if an Event of Default described in the Lease Agreement occurs with respect to the City, the City will not construct, own or operate any jail facility not in existence at the time such Event of Default occurs during the sixty (60) day period subsequent to such Event of Default. Notwithstanding any provision in the Lease Agreement to the contrary, this provision survives the termination of the Lease Agreement and remains in effect and will be binding upon the City.

Termination of Lease Agreement Term

The Lease Term shall terminate as to the obligations of the City upon the earliest of the occurrence of any of the following events with respect to the City: (i) the last day of the then current Fiscal Year of the City during which there occurs an Event of Non-Appropriation with respect to the City; (ii) there occurs an Event of Default by the City under the Lease Agreement if the Corporation or the Trustee elects such remedy pursuant to the Lease Agreement; (iii) the date upon which all Rentals and Additional Rentals, as the case may be, required under the Lease Agreement shall be paid by the City; or (iv) the Indenture has been discharged in accordance with its terms. The term of the Lease Agreement shall terminate with respect to Tract I of the Property described in Revised Schedule I to the Second Supplemental Lease Agreement, but only as to such Tract I property and all improvements and equipment located thereon, on the date on which payment of principal of and interest on all Series 1996B Bonds has been made or provided for pursuant to the Indenture.

If an Event of Non-Appropriation occurs, the City shall not be obliged to make payments of the Rentals or Additional Rentals beyond the last day of the Fiscal Year in which the Event of Non-Appropriation occurs, except for obligations which are payable prior to termination of the Lease Agreement. Notwithstanding the foregoing, the City is liable for amounts payable during such time as the City continues to occupy the Property. Upon the occurrence of an Event of Non-Appropriation, the Trustee, as trustee for the benefit of the Holder of the Bonds, shall have all rights and remedies granted under the Indenture as a secured creditor under State law and shall be entitled to all monies in all funds and accounts under the Indenture.

The Lease Agreement term shall terminate as to the obligation of the Corporation on the date on which all Bonds are paid or deemed to be paid as provided in the Indenture.

Events of Default

The following shall be "Events of Default" under the Lease Agreement:

(a) Failure by the City to pay any Rentals or Additional Rentals in the amounts and at the times specified in the Lease Agreement.

(b) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in clause (a) above, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Corporation or the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Trustee will not unreasonably withhold its consent to an extension of such time if corrective

action is instituted by the City within the applicable period and diligently pursued until the default is corrected.

(c) The filing by the City of a voluntary petition in bankruptcy, or failure by the City to promptly lift any execution, garnishment or attachment of such consequence as would impair the ability of the City to carry on its operation, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings whether voluntary or involuntary instituted under the provisions of the federal bankruptcy laws, as amended, or under any similar acts which may be enacted after the entering into of the Lease Agreement.

(d) Failure by the City to vacate the Property by the expiration of the current Fiscal Year during which an Event of Non-Appropriation occurs.

The provisions described above are subject to the following limitations: if by reason of force majeure the City is unable in whole or in part to carry out its obligations under the Lease Agreement other than its obligation to pay Rentals or Additional Rentals with respect thereto, the City shall not be deemed in default under the continuance of such inability, provided notice thereof is given to the Corporation and the Trustee. The term "force majeure" shall mean, without limitation, the following: acts of God, strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or the State or their respective departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions, breakage or accident to machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of the City and not resulting from its negligence. The City agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the City from carrying out its agreement; provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the City and the City shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the City unfavorable to the City.

Remedies on Default

Whenever any Event of Default referred to in the Lease Agreement shall have happened and be continuing, the Corporation or the Trustee, with the consent of the Credit Provider, has the right, at its option and without any further demand or notice, to take 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) With or without terminating the Lease Agreement, take possession of the Property immediately (but in no event earlier than the expiration of the then current Fiscal Year for which the City has paid or appropriated monies sufficient to pay all Rentals and Additional Rentals due for such Fiscal Year) and take all actions necessary to authorize, execute and deliver to the Corporation all documents necessary to vest in the Corporation for the remainder of the Lease Term, all of the City's interest in and to the Property, sell the Corporation's (or its assignee's) interest in the Base Lease, or lease the Property and collect the rentals therefor, for all or any portion of the remainder of its leasehold term upon such terms and conditions as it may deem satisfactory in its sole discretion, with the City remaining liable, subject to the annual appropriation, for the difference between (i) Rentals and Additional Rentals payable by the City under the Lease Agreement during the Lease Term and (ii) the net proceeds or any purchase price, rents or other amounts paid by the new purchaser, lessee or sublessee of the Property and, provided further, that in such event, if the Corporation shall receive a payment for sale of its interest or total subrentals for sublease that are, after payment of the Corporation's expenses in connection therewith, in excess of the purchase price applicable at the time of default plus interest thereon at the interest rate per annum borne by the Bonds, then such excess shall be paid to the City either by the Corporation, its assigns or by sublessee; or

(c) Take whatever action at law or in equity may appear necessary or desirable to collect the Rentals and Additional Rentals then due and thereafter to become due during the Term of the Lease Agreement, or enforce performance and observance of any obligation, agreement or covenant of the City under the Lease Agreement; or

(d) Upon the occurrence and continuance of an Event of Non-Appropriation, the Trustee, as provided in the Indenture, is required to give notice to the City to vacate the Property, terminate the Lease Agreement, re-enter the Property and eject all parties therefrom and, sublease the Property or take any action at law or equity to enforce its rights with respect to the Property.

SUMMARY OF INDENTURE

The following is a summary of certain provisions of the Indenture, pursuant to which the Series 2005 Bonds will be issued, the summary does not purport to be complete or comprehensive, and this summary is qualified in its entirety by reference to the Indenture, copies of which are available from the Comptroller prior to closing and from the Trustee thereafter.

Nature of Obligations

The Series 2005 Bonds and the interest thereon, together with all Outstanding Series 1996 Bonds, the Series 2000A Bonds, the Series 2001A Bonds and Additional Bonds issued pursuant to the Indenture (collectively, the "Bonds"), are special obligations of the Corporation payable solely out of the Rentals and other revenues, moneys and receipts derived by the Corporation pursuant to the Lease Agreement, and are secured by a pledge and assignment of the Trust Estate to the Trustee and in favor of the Bondholders, as provided in the Indenture. No incorporator, member, agent, employee, director or officer of the Corporation or the City shall at any time or under any circumstances be individually or personally liable under the Indenture or the Lease Agreement for anything done or omitted to be done by the Corporation thereunder. The Bonds and the interest thereon shall not be a debt of the City or the State and the City and the State shall not be liable thereon, and the Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Assignment of Trust Estate

Pursuant to the Indenture, the Corporation has assigned its interest in and to the Base Lease, the Lease Agreement and all Rentals and Additional Rentals and certain other revenues, moneys and receipts derived by the Corporation pursuant to the Lease Agreement (other than the Corporation's indemnification rights, rights to payment of fees and expenses of the Corporation set forth in the Lease Agreement and amounts due to be rebated to the United States as provided in Section 148 of the Code), all financing statements or other instruments or documents evidencing, securing or otherwise relating to the Lease Agreement and any and all real and personal property interests, including, but not limited to, equipment, of the Corporation acquired by the Corporation in connection with the Project pursuant to the Base Lease and the Lease Agreement, subject to the reserved rights listed above, all moneys and securities from time to time held by the Trustee under the terms of the Indenture (other than moneys in the Rebate Fund) and any and all other real or personal property of any kind and nature from time to time conveyed, pledged, assigned or transferred as and for additional security under the Indenture by delivery or by writing of any kind by the Corporation to the Trustee for the benefit of the holders of the Bonds (the foregoing being referred to as the "Trust Estate"). Additionally, the Corporation has assigned to the Trustee, all leases of the Trust Estate, or portions thereof now or hereafter entered into and all right, title and interest to the Corporation thereunder.

Funds Created

The Indenture provides for the creation of the following special trust funds and accounts to be designated as follows:

a) Leasehold Revenue Improvement Bonds Bond Fund (the "Bond Fund") and within such Bond Fund a separate and distinct account for each Series of Bonds and the "Pledged Revenue Account";

b) Leasehold Revenue Improvement Bonds Rebate Fund (the "Rebate Fund");

c) Leasehold Revenue Improvement Bonds Project Fund (the "Project Fund");

d) Leasehold Revenue Improvement Bonds Debt Reserve Fund (the "Debt Service Reserve Fund"); and

e) Leasehold Revenue Improvement Bonds Costs of Issuance Fund (the "Costs of Issuance Fund").

The moneys in the above funds and accounts shall be held by the Trustee and shall be applied in accordance with the provisions of the Lease Agreement and the Indenture.

Deposit of Bond Proceeds and Other Moneys

The proceeds of the Series 2005 Bonds shall be deposited as provided in the Indenture.

Bond Fund

The Trustee shall deposit into the accounts and subaccounts of the Bond Fund for the respective Series of Bonds, as and when received (i) all amounts representing Rentals or Additional Rentals to be deposited in such account or subaccounts of the Bond Fund pursuant to the Lease Agreement (ii) all interest and other income derived from the investment of funds on deposit in such account or subaccount of the Bond Fund; (iii) the pro-rata share allocable to each Series of Bonds of any amounts on deposit in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement pursuant to the Indenture and (iv) all other moneys received by the Trustee under and pursuant to any of the provisions of the Lease Agreement or the Indenture when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the appropriate account or subaccounts of the Bond Fund.

Moneys in the Bond Fund should be expended solely for the payment of the principal, premium, if any, and interest on the Bonds as the same mature and become due or upon the redemption thereof prior to maturity.

The Trustee shall notify the City in writing fifteen (l5) days prior to each Interest Payment Date of (a) the moneys then available in the applicable Bond Account and the Pledged Revenues Account in the Bond Fund to pay principal of, and interest and premium, if any, on the Bonds becoming due on such upcoming Interest Payment Date, and (b) to the extent such moneys are insufficient to make such payment, the amount of such deficiency, which amount shall be required to be paid as Rentals under the Lease Agreement. The Trustee shall make such payment of principal of and interest and premium, if any, on the Bonds becoming due on such upcoming interest Payment Date: first, from the applicable Bond Account; second from moneys available in the Pledged Revenue Account for such purposes and third from Rentals required pursuant to the Lease.

Except as otherwise provided in the Indenture, funds on deposit in the Bond Accounts and the Pledged Revenue Account of the Bond Fund shall be used and applied solely to pay the principal of, and interest and redemption premium, if any, on the Bonds. Following the payment from funds on deposit in the applicable Bond Accounts, to the extent that funds deposited in the Pledged Revenue Account are in excess of the remaining amounts required to pay the principal of, and interest and redemption premium, if any, on all Outstanding Bonds becoming due on such upcoming Interest Payment Date, all further applications thereof shall be as effectuated pursuant to the Indenture and the Pledge Agreement.

Rebate Fund

All moneys required to expected to be rebated to the United States shall be deposited in the Rebate Fund.

Debt Service Reserve Fund

The funds on deposit in the Debt Service Reserve Fund shall be used and applied by the Trustee solely to prevent a default in the event moneys on deposit in the Bond Fund (including the Pledged Revenue Account) shall be insufficient to pay the principal of and interest on the Bonds as the same become due. The Trustee may disburse and expend moneys from the Debt Service Reserve Fund, whether or not the amount therein equals the Debt Service Reserve Fund Requirement. Moneys on deposit in the Debt Service Reserve Fund may be used to pay Bonds called for redemption, or to purchase Bonds in the open market, prior to their Stated Maturity, provided all Bonds at the time Outstanding are called for redemption or purchased, and sufficient funds are available therefor. Moneys on deposit in the Debt Service Reserve Fund shall be used to pay or retire the Bonds last becoming due, unless such Bonds and all interest thereon are otherwise paid.

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

So long as the sum on deposit in the Debt Service Reserve Fund shall aggregate an amount equal to the Debt Service Reserve Fund Requirement, investment earnings on funds on deposit in the Debt Service Reserve Fund shall be transferred to the account and subaccounts in the Bond Fund attributable to each Outstanding Series of Bonds pursuant to the Indenture. If, however, the sum on deposit in the Debt Service Reserve Fund shall be less than the Debt Service Reserve Fund Requirement, investment earnings on funds in the Debt Service Reserve Fund shall remain therein and be applied to reducing such deficiency.

In the event that the sum on deposit in the Debt Service Reserve Fund exceeds the Debt Service Reserve Fund Requirement by reason of the issuance of Additional Bonds refunding a portion of all of one or more Series of Bonds hereunder, the Corporation may direct the Trustee to transfer such funds in excess of the Debt Service Reserve Fund Requirement to the accounts or subaccounts of the Bond Fund associated with the Series of Bonds being refunded.

Notwithstanding the foregoing, any of the following may be used in lieu of or as partial substitution for cash in the Debt Service Reserve Fund: an insurance policy, letter of credit, line of credit, guaranty or surety bond or any similar credit or liquidity facility, or any combination thereof which facility shall be obtained from an entity that is rated in one of the two highest rating categories by either Moody's, Fitch or S&P. In the case of the utilization of any cash substitute as described in this paragraph, any moneys remaining in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement shall be transferred to the accounts and subaccounts in the Bond Fund attributable to each Outstanding Series of Bonds pursuant to the Master Indenture, or if such cash substitute is attributable to a particular Series of Bonds, the Corporation may direct the Trustee to transfer such funds in excess of the Debt Service Reserve Fund Requirement to the accounts or subaccounts of the Bond Fund associated with such Series of Bonds.

Costs of Issuance Fund

Moneys on deposit in the Costs of Issuance Fund shall be paid out from time to time by the Trustee upon the written request of the Corporation Representative and the City Representative, in an amount equal to the costs and expenses of issuing and securing the Bonds certified in such written request, including, without limitation, printing expenses, rating agency fees, recording and filing fees, trustee's and depository's fees and expenses, fees and expenses of the Corporation, legal fees and other fees and expenses incurred or to be incurred by or on behalf of the Corporation or the City in connection with the issuance, sale and delivery of the Bonds. Moneys remaining in the Costs of Issuance Fund after all such costs and expenses have been paid, and, in any case, not later than six months from the Closing Date, are to be transferred to the Bond Fund.

Investment of Moneys in Project Fund, Costs of Issuance Fund, Bond Fund and Debt Service Reserve Fund

Moneys held in the Project Fund, the Costs of Issuance Fund, the Bond Fund and the Debt Service Reserve Fund, if any, shall, pursuant to written direction of the Treasurer and in accordance with the Non-Arbitrage Certificate, be invested and reinvested by the Trustee in Permitted Investments which mature or are subject to redemption by the Holder prior to the date such funds will be needed. Any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund or account or subaccount in which such Permitted Investments are held, and the interest accruing thereon and any profit realized therefrom shall be credited to such fund, account or subaccount. The Trustee shall sell and reduce to cash a sufficient amount of such Permitted Investments whenever the cash balance in such fund or account is insufficient for the purpose thereof.

The Trustee shall transfer excess monies in the Debt Service Reserve Fund to the accounts or subaccounts of the Bond Fund for each Series of Bonds Outstanding after any quarterly valuation required by a Supplemental Indenture. The amount of such excess monies to be transferred to the account or subaccount of a particular Series of Bonds shall equal a percentage of the total of such excess monies then available to be transferred, which percentage shall be determined by dividing the amount of Bonds Outstanding of such series of Bonds by the aggregate amount of Bonds then Outstanding.

The Trustee may make any and all investments through its own bond department or short-term investment department.

Valuation of Debt Service Reserve Fund

Permitted Investments in the Debt Service Reserve Fund shall be evaluated at the market value thereof, exclusive of accrued interest, by the Trustee quarterly on January 15, April 15, July 15 and October 15 of each year and the amount on deposit therein determined accordingly. In the event that on any such date of evaluation the amount on deposit in the Debt Service Reserve Fund shall aggregate an amount less than the Debt Service Reserve Fund Requirement (by reason of such evaluation and not by reason of any withdrawal), the Lease Agreement provides that the City shall make up such deficiency as Additional Rentals equal to such deficiency no later than the next evaluation date. In the event that on any such date of evaluation the amount on deposit in the Debt Service Reserve Fund shall aggregate an amount which is equal to or exceeds the Debt Service Reserve Fund Requirement, such amount in excess of the Debt Service Reserve Fund Requirement shall be transferred to the account and subaccounts in the Bond Fund attributable to each Outstanding Series of Bonds pursuant to the Indenture.

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 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 Outstanding Bonds, at any time and from time to time, upon compliance with the conditions provided in the Indenture for the purpose of:

(a) paying the cost of completing the Project such costs to be evidenced by a certificate signed by a City Representative and a Corporation Representative, with the prior written consent of the Credit Provider; and

(b) providing funds for refunding all or any part of the Bonds then Outstanding of any series, including the payment of any redemption premium thereon and interest to accrue to the designated Redemption Date and any expenses in connection with such refunding.

Events of Default

If any one or more of the following events occur, it is hereby defined as and declared to be and to constitute an "Event of Default":

(a) Default by the Corporation in the due and punctual payment of any interest on any Bond;

(b) Default by the Corporation in the due and punctual payment of the principal of or redemption premium, if any, on any Bond, whether at the Stated Maturity or other Maturity thereof, or upon proceedings for redemption thereof;

(c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Corporation contained in the Indenture or in the Bonds or in any other document or instrument that secures or otherwise relates to the debt and obligations secured by the Indenture, and the continuance thereof for a period of sixty (60) days after written notice given to the Corporation and the City by the Trustee, or to the Trustee, the City, and the Corporation by the Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding; provided, however, if the failure stated in the notice cannot be corrected within the said 60-day period, the Trustee may consent in writing to an extension of such time prior to its expiration and the Trustee will not unreasonably withhold its consent to such an extension if corrective action is instituted by the Corporation or the City within the 60-day period and diligently pursued to completion and if such consent in its judgment, does not materially adversely affect the interests of the Bondholders, or

(d) Failure of the City to pay any Rentals or Additional Rentals in the amounts and at the times specified in the Lease Agreement.

Acceleration of Maturity in Event of Default

If an Event of Default shall have occurred and be continuing, the Trustee may and, upon the written request of the Holders of not less than 51% in aggregate principal amount of Bonds then Outstanding, shall, by notice in writing delivered to the Corporation and the City, declare the principal of all Bonds then Outstanding and the interest accrued thereof immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

If the payment of the Bonds is accelerated, each Bond shall be payable in the principal amount thereof and accrued interest thereon.

Surrender of Possession of Trust Estate; Rights and Duties of Trustee in Possession

If an Event of Default shall have occurred and be continuing, the Corporation, upon demand of the Trustee, shall forthwith surrender the possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all or any part of the Trust Estate, together with the books, papers and accounts of the Corporation pertaining thereto, and including the rights and the position of the Corporation under the Lease Agreement and to collect, receive and sequester the Rentals and other revenues, moneys and receipts derived under the Lease Agreement, and out of the same and any moneys received from any receiver of any part thereof pay, and set up proper reserves for the payment of all proper costs and expenses of so taking, holding and managing the same, including (i) reasonable compensation to the

Trustee, its agents and counsel and (ii) any expenses and charges of the Trustee hereunder, and the Trustee shall apply the remainder of the moneys so received in accordance with the Indenture. The collection of such Rentals, revenues and other receipts, or the application thereof shall not cure or waive any default or notice of default under the Indenture or invalidate any act done in response to such default or pursuant to notice of default. Whenever all that is due upon the Bonds shall have been paid and all defaults cured, the Trustee shall surrender possession of the Trust Estate to the Corporation, its successors or assigns, the same rights, however, to exist upon any subsequent Event of Default.

Exercise of Remedies by the Trustee

Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of and interest on the Bonds then Outstanding, and enforce and compel the performance of the duties and obligations of the Corporation as set forth in the Indenture or to enforce or realize upon any of the rights, powers, liens or interests granted to the Trustee in the Indenture. Upon the occurrence of an Event of Default, the Trustee may exercise any of the rights and remedies of a secured party under the Missouri Uniform Commercial Code or other applicable laws and require the Corporation to assemble any collateral covered by the Indenture and make it available to the Trustee at a place to be designed by the Trustee which is reasonably convenient to both parties.

Exercise of Rights and Powers

If an Event of Default shall have occurred and be continuing, and if requested so to do by the Holders of 25% in aggregate principal amount of Bonds then Outstanding and indemnified as provided in the Indenture, the Trustee shall be obligated to exercise one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, deems most expedient in the interests of the Bondholders.

All rights of action under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Bondholder, and any recovery or judgment shall, subject to the Indenture, be for the equal benefit of all the Registered Owners of the Outstanding Bonds.

Limitation on Exercise of Remedies by Bondholders

No Bondholder shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust under the Indenture or for the appointment of a receiver or any other remedy unless:

(i) a default has occurred of which the Trustee has been notified or of which the Trustee is deemed to have notice as provided in the Indenture;

(ii) such default shall have become an Event of Default;

(iii) the Holders of 25% in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee, shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore described or to institute such action, suit or proceedings in its own name, and shall have provided to the Trustee indemnity as provided in the Indenture; and

(iv) the Trustee shall thereafter fail or refuse to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, and such notification, request and provision of indemnity are declared in every case, at the option of the Trustee under the Indenture, to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy, it being

understood and intended that no one or more Bondholders shall have any right in any manner whatsoever to affect, disturb or prejudice the Indenture by its, his or their action or to enforce any right except in the manner provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Registered Owners of all Bonds then Outstanding. Nothing in the Indenture shall affect or impair the right of any Bondholder to payment of the principal of, and premium, if any, and interest on any Bond at and after its Maturity or the obligation of the Corporation to pay the principal of, and premium, if any, and interest on, each of the Bonds to the respective Registered Owners thereof at the time, place, from the source and in the manner herein and in such Bond expressed.

Opportunity of City to Purchase Or Cure in the Event of Default

(a) Upon receipt of notice by the City of an Event of Default pursuant to the Indenture, the Corporation has, under the Lease Agreement, granted the City an option to purchase the Corporation's interest in the Property under the Lease Agreement.

(b) Upon receipt of notice by the City of an Event of Default pursuant to the subparagraph (i) of the Event of Default section, the Corporation pursuant to the Indenture, grants the City full authority, on account of the Corporation, to perform any covenant, agreement, or obligation, the nonperformance of which is alleged in said notice to constitute a default, in the name and stead of the Corporation, with full power to do any and all things and acts to the same extent that the Corporation could do, and perform any such things and acts in order to remedy such default.

Supplemental Indentures Not Requiring Consent of Bondholders

The Corporation with the approval of the Board of Aldermen and the Trustee may from time to time, without the consent of or notice to any of the Bondholders, enter into such Supplemental Indenture or Supplemental Indentures as shall not adversely affect the interests of the Bondholders for any one or more of the following purposes: (a) to cure any ambiguity or formal defect or omission in the Indenture or to correct or supplement any provision which may be inconsistent with any other provision therein: (b) to grant or to confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or either of them; (c) to subject to the Indenture additional revenues, properties or collateral (d) to issue the initial Series of Bonds; (e) to issue Additional Bonds; (f) to make any other change which in the sole determination of the Trustee does not materially adversely affect the Bondholders, and (g) to evidence the appointment of a separate trustee or co-trustee or the succession of a new trustee.

Supplemental Indentures Requiring Consent of Bondholders

The Holders of not less than a majority in aggregate principal amount of Bonds at the time Outstanding have the right, from time to time, to consent to and approve the execution by the Corporation and the Trustee of such other Supplemental Indenture or Supplemental Indentures as are deemed necessary and desirable by the Corporation and the City for the purpose of modifying, amending, adding to or rescinding, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided that the consent of all of the Holders of the Bonds then Outstanding is required for (a) an extension of the maturity of the principal of or the interest on any Bond, or (b) a reduction in the principal amount of any Bond or the rate of interest thereon, or (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (d) reduction in the aggregate principal amount of the Bonds, the Holders of which are required to consent to any such Supplemental Indenture.

If at any time the Corporation shall request the Trustee to enter into any such Supplemental Indenture, the Trustee shall cause notice of the proposed execution of such Supplemental Indenture to be mailed to each Bondholder at the address shown on the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Bondholders. If within 60 days or such longer period as shall be prescribed by the Corporation following the mailing of such notice, the Holders of not less than the requisite aggregate principal amount of Bonds Outstanding at the time of the execution of any such

Supplemental Indenture shall have consented to and approved the execution thereof and therein provided, no Holder of any Bond shall have right to object to any of the terms and provisions contained therein, of the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Corporation from executing the same or from taking any action pursuant to the provisions thereof.

Supplemental Lease Agreements and Supplemental Base Leases Not Requiring Consent of Bondholders

The Corporation and the Trustee shall, with the written consent of the Credit Provider, but without the consent of or notice to the Bondholders consent to the execution of any Supplemental Lease Agreement and any Supplemental Base Lease, as may be required (a) by the Lease Agreement, the Base Lease or the Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission, (c) in connection with the issuance of Additional Bonds, or (d) in connection with any other change therein which, in the sole determination of the Trustee, does not materially adversely affect the interests of the Trustee or the Bondholders.

Supplemental Lease Agreements and Supplemental Base Leases Requiring Consent of Bondholders

Except for the amendments, changes or modifications described in the previous paragraph, neither the Corporation nor the Trustee may consent to the execution of any Supplemental Lease Agreement or any Supplemental Base Lease without the mailing of notice and the obtaining of the written approval or consent of the Holders of not less than a majority in aggregate principal amount of Bonds at the time Outstanding given and obtained as provided in the Indenture; provided that the consent of all the Holders of Bonds shall be required for (a) the creation of any lien ranking superior to or on a parity with the lien of the Indenture, unless otherwise permitted or (b) a reduction in the aggregate principal amount of the Bonds, the Holders of which are required to consent to any Supplemental Lease Agreement or any Supplemental Base Lease. If at any time the Corporation and the City shall request the consent of the Trustee to any such proposed Supplemental Lease Agreement or any Supplemental Base Lease, the Trustee shall cause notice of such proposed Supplemental Lease Agreement or Supplemental Base Lease to be given in the same manner as provided with respect to Supplemental Indentures. Such notice is required to briefly set forth the nature of such proposed Supplemental Base Lease or Supplemental Lease Agreement and is required to state that copies of the same are on file at the principal corporate trust office of the Trustee for inspection by all Bondholders.

SUMMARY OF PLEDGE AGREEMENT

The following is a summary of certain provisions of the Pledge Agreement dated as of August 1, 1996, as amended and supplemented by the First Supplemental Pledge Agreement dated as of September 1, 2005, made by and between the City and the Trustee (together, the "Pledge Agreement") pursuant to which additional security for the Bonds is pledged. The summary does not purport to be comprehensive, and is qualified in its entirety by reference to the Pledge Agreement, copies of which are available from the Comptroller prior to closing and from the Trustee thereafter.

Pursuant to the Pledge Agreement, the City has pledged as additional security for the Bonds certain payments of monies constituting per diem reimbursements for costs of boarding State prisoners chargeable and billed to the State and credited and payable to the City (the "Pledged Revenues").

Pledge; Term

Under the Pledge Agreement, the City pledges to the Trustee and grants to the Trustee a security interest in all state reimbursements received by the City from the State pursuant to Section 221.105 of Missouri Revised Statutes, as the same may be amended from time to time, or pursuant to any statute enacted in substitution therefor (the "Statute") beginning on August 1, 1996, and from time to time thereafter. The Pledge Agreement shall remain in force and effect until the earlier of the expiration date of

the Base Lease or the payment in full of the principal of, premium, if any, and interest on the Bonds and any Additional Bonds, whereupon the Pledge Agreement shall terminate.

Delivery and Application of Pledged Revenues

All Pledged Revenues at the time payable to the City are required to be delivered to and held by the Trustee in the Pledged Revenue Account. The City, in the Pledge Agreement, agrees to take all necessary steps to direct and authorize the State to remit the Pledged Revenues directly to the Trustee for application as set forth in the Pledge Agreement. The City further agrees in the Pledge Agreement to promptly execute and deliver each month to the State Office of Administration all documents required by the State pursuant to the Statute for the payment of the Pledged Revenues. The Trustee shall deposit the Pledged Revenues into the Pledged Revenue Account, to be applied as follows: first, to pay the principal of, interest and premium, if any, on any Series of Bond following application of amounts deposited in the applicable account or subaccount for such Series of Bonds in accordance with the applicable Supplemental Indenture, or, in lieu of the foregoing, in the event there shall be in effect a Credit Agreement, such moneys shall be applied, if necessary, to reimburse the Credit Provider for any claims thereunder, including applicable costs and fees incurred in the payment of principal of, interest and premium, if any, on the Series of Bonds; second, in the event that the amount held in the Pledged Revenues Account on any Principal Payment Date exceeds the amount then due to pay the principal of, premium, if any, and interest on the Bonds either (a) to pay to the City such excess amount within five (5) Business Days of said Principal Payment Date; or (b) if the City so elects in accordance with the Lease Agreement, to the credit of the City for payment of future obligations, if any, under the Lease Agreement; and third, in the event of termination of the Lease Agreement, to the obligations of the Corporation then due under the Indenture, less any amount realized by the Corporation or the Trustee from the lease of the Property.

Notification to City

Thirty (30) days prior to the due date of each payment of principal and interest and premium, if any, on the Bonds, the Trustee is required to notify the City in writing of the amount of Pledged Revenues received by the Trustee and held in the Pledged Revenues Account.

Transfers and Other Liens

The City agrees that, without the prior written consent of the Trustee, the City will not create or permit to exist any lien, security interest, other charge or encumbrance upon or with respect to any of the Pledged Revenues, except for the pledge and security interest created by the Pledge Agreement. The Pledge Agreement may be amended to include any pledge and security agreement created by the issuance of any Additional Bonds and any Credit Enhancement therefor.

Security Interest Absolute

The Pledge Agreement shall create a continuing pledge and security interest in the Pledged Revenues. Subject to the term of the Pledge Agreement and the limitation of obligations set forth below, all obligations of the City under the Pledge Agreement shall be absolute and unconditional irrespective of (i) any change in the time, manner of place of payment of, or in any other term of, all or any of the Bonds, or any other amendment or waiver of or any consent to any departure from the Indenture, any Credit Agreement, or the Bonds; (ii) any exchange, release or non-perfection of any other collateral, or any release or amendment or waiver of or consent to departure from any guaranty, for all of any of the obligations secured by the Pledge Agreement; (iii) termination of the Lease Agreement or any Credit Agreement for any reason; or (iv) any other circumstance which might otherwise constitute a defense available to, or a discharge of the Corporation or the Credit Provider.

Limitation of Obligations

The Trustee acknowledges in the Pledge Agreement that the obligations secured by the payments under the Pledge Agreement are neither general obligations nor indebtedness for any purpose of the City or

the State, or of any officer or employee thereof. The Trustee further acknowledges in the Pledge Agreement that the payment by the State is subject to appropriations and to withholding by the State, in the event of a State revenue shortfall and that the Statute providing for the Pledged Revenues is subject at any time to amendment or repeal, and that the State is not a party to the Pledge Agreement.

APPENDIX E

FORM OF OPINION OF CO-BOND COUNSEL

September 1, 2005

St. Louis Municipal Finance Corporation
St. Louis, Missouri

The City of St. Louis, Missouri
St. Louis, Missouri

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

AMBAC Assurance Corporation
New York, New York

Bear, Stearns & Co., Inc.
New York, New York

Edward D. Jones & Co., L.P.
St. Louis, Missouri

Popular Securities
Chicago, Illinois

Re: $15,485,000 St. Louis Municipal Finance Corporation City Justice Center Leasehold Refunding Revenue Bonds, Series 2005 (City of St. Louis, Missouri, Lessee)

Ladies and Gentlemen:

We have acted as Co-Bond Counsel in connection with the issuance by St. Louis Municipal Finance Corporation (the *"Corporation"*) of the above-referenced bonds (the *"Series 2005 Bonds"*) pursuant to a Resolution adopted by the Corporation on August 16, 2005 (the *"Resolution"*). This opinion is delivered to you in connection with the satisfaction, discharge and defeasance of a portion of the Corporation's Leasehold Revenue Improvement Bonds, Series 2000A (City of St. Louis, Missouri, Lessee), dated as of January 1, 2000, maturing on February 15, 2006 and on February 15, 2011 and thereafter (the "*Refunded Bonds*").

In our capacity as Co-Bond Counsel, we have examined such law and such certified proceedings and other documents and materials as we deem necessary to enable us to render this opinion, including the following documents:

a. Indenture of Trust (the *"Master Indenture"*) dated as of August 1, 1996, by and between the Corporation, UMB Bank of St. Louis, N.A., now known as UMB Bank, N.A., as Trustee (the *"Trustee"*);

b. First Supplemental Indenture of Trust, dated as of August 1, 1996, by and between the Corporation and the Trustee (the *"First Supplemental Indenture"*);

c. Second Supplemental Indenture of Trust, dated as of February 1, 2000, by and between the Corporation and the Trustee (the *"Second Supplemental Indenture"*);

d. Third Supplemental Indenture of Trust, dated as of September 1, 2001, by and between the Corporation and the Trustee (the *"Third Supplemental Indenture"*);

e. Fourth Supplemental Indenture of Trust, dated as of September 1, 2005, by and between the Corporation and the Trustee (the *"Fourth Supplemental Indenture"* which, together with the Master Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture, is referred to herein as the *"Indenture"*);

f. Base Lease, dated as of August 1, 1996, by and between the City of St. Louis, Missouri (the *"City"*) and the Corporation (the *"Original Base Lease"*);

g. First Supplemental Base Lease, dated as of February 1, 2000, by and between the City and the Corporation (the *"First Supplemental Base Lease"*);

h. Second Supplemental Base Lease, dated as of September 1, 2005, by and between the City and the Corporation (the *"Second Supplemental Base Lease"* which, together with the Original Base Lease and the First Supplemental Base Lease, is referred to herein as the *"Base Lease"*);

i. Lease Purchase Agreement, dated as of August 1, 1996, by and between the Corporation and the City (the *"Original Lease Purchase Agreement"*);

j. First Supplemental Lease Purchase Agreement, dated as of February 1, 2000, by and between the Corporation and the City (the *"First Supplemental Lease Purchase Agreement"*);

k. Second Supplemental Lease Purchase Agreement, dated as of September 1, 2005, by and between the Corporation and the City (the *"Second Supplemental Lease Purchase Agreement"* which, together with the Original Lease Purchase Agreement and the First Supplemental Lease Purchase Agreement, is referred to herein as the *"Lease Purchase Agreement"*);

l. Pledge Agreement , dated as of August 1, 1996, by and between the City and the Trustee (the *"Original Pledge Agreement"*);

m. First Supplemental Pledge Agreement, dated as of September 1, 2005, by and between the City and the Trustee (the *"First Supplemental Pledge Agreement"* which, together with the Original Pledge Agreement, is referred to herein as the *"Pledge Agreement"*);

n. Bond Purchase Agreement, dated August 17, 2005, by and among the Corporation, the City and Bear, Stearns & Co. Inc., as representative of the underwriters (the *"Purchase Agreement"*);

o. Tax Compliance Agreement, dated as of August 1, 2005, by and among the Corporation, the City and the Trustee (the *"Tax Compliance Agreement"*);

p. Continuing Disclosure Agreement, dated as of August 1, 2005, by and between the City and the Trustee (the *"Continuing Disclosure Agreement"*);

q. Bond insurance policy issued by Ambac Assurance Corporation (the *"Credit Provider"*);

r. Surety bond issued by the Credit Provider; and

s. Escrow Deposit Agreement dated as of September 1, 2005 by and among the City, the Corporation and UMB Bank, N.A., as escrow agent.

As to questions of fact material to this opinion, we have relied upon representations of the Corporation contained in the Resolution, the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation. We note that (i) various issues with respect to bond insurance in connection with the Series 2005 Bonds are addressed in the opinion of the [Vice President and Assistant General Counsel] of the Credit Provider; (ii) various issues with respect to the City in connection with the Series 2005 Bonds are addressed in the opinion of the Deputy City Counselor of the City; and (iii) various issues with respect to the Corporation in connection with the Series 2005 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.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Series 2005 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 from the City under the Lease Purchase Agreement. Neither the Lease Purchase Agreement nor the Series 2005 Bonds constitute an indebtedness of the Corporation, the City or the State of Missouri or any political subdivision thereof within the meaning of any constitutional or statutory provision or limitation, and neither the full faith and credit nor the taxing power, if any, of the Corporation or the City is pledged to the payment of the Rentals or any other payments under the Lease Purchase Agreement, or to the payment of the Series 2005 Bonds.

2. The interest on the Series 2005 Bonds (including any original issue discount properly allocable to the owners thereof) is excluded from gross income for federal and Missouri income tax purposes. Such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for purposes of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. In addition to the foregoing exceptions, the opinions set forth in this paragraph are subject to the condition that each of the parties to the Tax 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 2005 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 2005 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 2005 Bonds. We express no opinion as to whether the interest on the Series 2005 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 2005 Bonds are not "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

3. All of the Series 2005 Bonds maturing in the years 2012 through 2016 (collectively, the *"Premium Bonds"*) are being offered at prices greater than their principal amounts. Under the Code, the difference between the principal amount of a Premium Bond and the cost basis of such Premium Bond to an owner thereof is "bond premium." We are of the opinion that an initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of the amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each premium bond based on the purchaser's yield to maturity (or, in the case of premium bonds callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such premium bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax exempt income for purposes of determining various other tax consequences of owning such bonds.

4. The issuance of the Series 2005 Bonds will not result in the interest on any bonds outstanding as of the date of such Series 2005 Bonds, the interest on which is not includable in gross income for purposes of federal income taxation, becoming includable in gross income for purposes of federal income taxation.

Except as stated in paragraphs 2 and 3 above, we express no opinion regarding any other federal or state tax consequences with respect to the Series 2005 Bonds.

Except as stated in paragraph 4 above, we have not been requested to investigate, have not investigated, and do not express any opinion with respect to the effect on the original status of the interest on the Bonds (other than the Series 2005 Bonds) for federal income tax purposes of any actions taken or omitted to be taken by the Corporation with respect to the ownership, use or operation of the facilities financed or refinanced with the proceeds of the Bonds other than as stated herein.

It is to be understood that the rights of the owners of the Series 2005 Bonds and the enforceability of the Series 2005 Bonds, the Resolution, the Lease Purchase Agreement, the Indenture, the Purchase Agreement, the Pledge Agreement, the Tax Compliance Agreement and the Continuing Disclosure Agreement 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 2005 Bonds, and we express no opinion relating thereto. This opinion is delivered to you for your use only and it may not be used or relied upon by, or published or communicated to, any third party for any purpose whatsoever without our prior written consent.

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,

APPENDIX F

FORM OF BOND INSURANCE POLICY