

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 28, 2020

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

**NEW ISSUE
BOOK ENTRY ONLY
BANK QUALIFIED**

**S&P Rating (Insured): AA
See “RATING” herein.
No underlying rating.**

In the opinion of Gilmore & Bell, P.C., Special Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, (1) the Interest Component of Base Rentals paid by the City with respect to the Series 2020 Certificates (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, (2) the Interest Component of Base Rentals is exempt from income taxation by the State of Missouri and (3) the Series 2020 Certificates have been designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. See “TAX MATTERS” in this Official Statement.

**OFFICIAL STATEMENT
\$2,845,000*
CITY OF ST. ROBERT, MISSOURI
REFUNDING CERTIFICATES OF PARTICIPATION
SERIES 2020**

Dated: Date of Delivery

Due: as shown on the inside cover page

The Series 2020 Certificates representing undivided, proportionate interests in base rentals (the “**Base Rentals**”) to be paid by the City of St. Robert, Missouri (the “**City**”), are being delivered pursuant to an Indenture of Trust dated as of November 1, 2009, as amended and supplemented, including by a Fourth Supplemental Indenture of Trust dated as of November 1, 2020 (the “**Indenture**”), executed by Security Bank of Kansas City, Kansas City, Kansas, as trustee (the “**Trustee**”) and the City. The Base Rentals are payable by the City under an annually renewable Lease Purchase Agreement dated as of November 1, 2009, as amended and supplemented, including by a Fourth Supplemental Lease Purchase Agreement dated as of November 1, 2020 (the “**Lease**”), between the City and the Trustee. The City intends to satisfy its obligations to pay Base Rentals primarily out of the revenues generated by local sales taxes. The City has not, however, pledged such sales taxes to the payment of the Series 2020 Certificates.

The Series 2020 Certificates will be delivered in fully registered form without coupons in the denomination of \$5,000 or any integral multiple thereof, and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“**DTC**”). Individual purchases of interests in the Series 2020 Certificates will be made in book-entry form only. Principal and interest distributable with respect to the Series 2020 Certificates are payable by the Trustee. Principal and prepayment premium, if any, on the Series 2020 Certificates will be payable annually on November 1, beginning on November 1, 2021. Interest on the Series 2020 Certificates will be payable semiannually on May 1 and November 1, beginning on May 1, 2021, by check or draft mailed (or by electronic transfer in certain circumstances described herein) to the persons who are the registered owners of the Series 2020 Certificates as of the close of business on the 15th day of the month preceding the applicable interest payment date. The Series 2020 Certificates will be payable solely from the Base Rentals under the Lease and certain money held by the Trustee under the Indenture. See the caption “**SECURITY FOR THE CERTIFICATES**” herein. The Series 2020 Certificates will be secured on a parity basis with the Series 2017 Certificates (as defined herein). The City will agree to pay the total Base Rentals due under the Lease for each fiscal year, but only if the Board of Aldermen annually appropriates sufficient money specifically designated to pay the Base Rentals coming due during each succeeding fiscal year. **The obligation to make payments will not create a general obligation or other indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction. The delivery of the Series 2020 Certificates will not obligate the City to levy any form of taxation therefor or to make any appropriation for their payment in any year subsequent to a year in which the Lease is in effect.**

The scheduled payment of principal of and interest on the Series 2020 Certificates when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2020 Certificates by **ASSURED GUARANTY MUNICIPAL CORP.**



The Series 2020 Certificates are subject to prepayment prior to their stated payment dates under certain conditions. See the caption “**THE SERIES 2020 CERTIFICATES — Prepayment Provisions**” herein. The Series 2020 Certificates are subject to certain risks. Prospective purchasers of the Series 2020 Certificates should be able to evaluate the risks and merits of an investment in the Series 2020 Certificates before considering a purchase of the Series 2020 Certificates. See “**RISK FACTORS AND INVESTMENT CONSIDERATIONS**” herein.

The Series 2020 Certificates are offered when, as and if delivered and received by the Underwriter, subject to the approval of legality by Gilmore & Bell, P.C., Kansas City, Missouri, Special Counsel, and certain other conditions. Certain legal matters related to this Official Statement will be passed upon by Gilmore & Bell, P.C., Kansas City, Missouri. It is expected that the Series 2020 Certificates will be available for delivery through The Depository Trust Company in New York, New York, on or about November __, 2020.



The date of this Official Statement is November __, 2020.

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances may this Preliminary Official Statement constitute an offer to sell, nor may there be any sale of these securities in any jurisdictions in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

MATURITY SCHEDULE*

* Preliminary, subject to change.

CITY OF ST. ROBERT, MISSOURI

194 Eastlawn Avenue #A
St. Robert, Missouri 65584

MAYOR

George Lauritson

BOARD OF ALDERMEN

Teresa Cook
Linda Daniels
Susan Davidson
Reggie Hall
John Moore
Michael Myers
Walter Reese
Todd Williams

ADMINISTRATION

Anita Ivey, Interim City Administrator
Edna Givins, Director of Finance
Amy Smith, City Clerk
Tyce Smith, Interim City Attorney

TRUSTEE AND PAYING AGENT

Security Bank of Kansas City
Kansas City, Kansas

SPECIAL COUNSEL

Gilmore & Bell, P.C.
Kansas City, Missouri

UNDERWRITER

McLiney And Company, a division of SAMCO Capital Markets, Inc.
Mission, Kansas

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter to give any information or to make any representation with respect to the Series 2020 Certificates offered hereby other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Series 2020 Certificates offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City and from other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriter. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of the transaction. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2020 CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE SERIES 2020 CERTIFICATES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES OR “BLUE SKY” LAWS. THE SERIES 2020 CERTIFICATES ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION.

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

Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the Series 2020 Certificates or the advisability of investing in the Series 2020 Certificates. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under “Appendix D – Bond Insurance and Specimen Municipal Bond Insurance Policy”.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “anticipate,” “projected,” “budget” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THESE FUTURE RISKS AND UNCERTAINTIES INCLUDE THOSE DISCUSSED IN THE “RISK FACTORS” SECTION OF THIS OFFICIAL STATEMENT. NEITHER THE CITY NOR ANY OTHER PARTY PLANS TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN THEIR EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES UPON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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OFFICIAL STATEMENT
\$2,845,000*
CITY OF ST. ROBERT, MISSOURI
REFUNDING CERTIFICATES OF PARTICIPATION
SERIES 2020

INTRODUCTION

This introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to the more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement.

General

The purpose of this Official Statement is to furnish information in connection with the offering and sale by the City of St. Robert, Missouri (the “**City**”) of its Refunding Certificates of Participation, Series 2020, in the aggregate principal amount of \$2,845,000* (the “**Series 2020 Certificates**”). The Series 2020 Certificates represent undivided interests in Base Rentals to be paid by City of St. Robert, Missouri (the “**City**”) pursuant to an annually renewable Lease Purchase Agreement dated as of November 1, 2009, as amended and supplemented by a First Supplemental Lease Purchase Agreement dated as of May 1, 2011, a Second Supplemental Lease Purchase Agreement dated as of March 1, 2015, a Third Supplemental Lease Purchase Agreement dated as of January 1, 2017, and a Fourth Supplemental Lease Purchase Agreement dated as of November 1, 2020 (collectively, the “**Lease**”), between Security Bank of Kansas City, Kansas City, Kansas (the “**Trustee**”), as lessor, and the City, as lessee. The Trustee has agreed to execute and deliver the Series 2020 Certificates pursuant to an Indenture of Trust dated as of November 1, 2009, as amended and supplemented by a First Supplemental Indenture of Trust dated as of May 1, 2011, a Second Supplemental Indenture of Trust dated as of March 1, 2015, a Third Supplemental Indenture of Trust dated January 1, 2017, and a Fourth Supplemental Indenture of Trust dated November 1, 2020 (collectively, the “**Indenture**”) between the City and the Trustee. The Base Rentals constitute rent for use of the Leased Property (defined herein) pursuant to the Lease.

The City

The City of St. Robert, Missouri (the “**City**”) is a fourth-class city and political subdivision organized and existing under the laws of the State of Missouri. See the caption “**PLAN OF FINANCING – The City**” herein.

Plan of Financing

Proceeds from the sale of the Series 2020 Certificates, together with certain other funds available to the City, will be used to (1) current refund the City’s outstanding Tax Exempt Refunding and Improvement Certificates of Participation, Series 2015 (the “**Refunded Certificates**”), (2) pay the premiums for a debt service reserve fund policy and municipal bond insurance policy for the Series 2020 Certificates, and (3) pay costs related to the delivery of the Series 2020 Certificates and the incidental costs of refunding the Refunded Certificates.

Pursuant to a Ground Lease dated as of November 1, 2009, as amended by a First Supplemental Ground Lease dated as of March 1, 2015, a Second Supplemental Ground Lease dated as of January 1, 2017 and a Third Supplemental Ground Lease dated as of November 1, 2020 (collectively, the “**Ground Lease**”),

* Preliminary, subject to change.

the City has leased to the Trustee all of the City's present or hereafter acquired interest in those tracts of real estate on which the City's Municipal Center, Aquatic Center, Public Works Buildings, and Municipal Golf Course (as defined herein under the caption "**SECURITY FOR THE CERTIFICATES – The Leased Property**") are situated, together with all improvements now or hereafter situated on such real estate. The Trustee, as lessor under the Lease, will lease the property subject to the Ground Lease and the Series 2011 Project, as defined herein under the caption "**SECURITY FOR THE CERTIFICATES – The Leased Property**" (altogether, the "**Leased Property**"), to the City for a term ending December 31, 2020, with successive one-year renewal options (the "**Renewal Terms**"), with a final Renewal Term ending December 31, 2029, which final Renewal Term corresponds to the year of the final payment due with respect to the Series 2017 Certificates (defined below under "**INTRODUCTION – Parity Obligations**"). Each Renewal Term is subject to annual appropriation by the Board of Aldermen.

The City intends to satisfy its obligation to pay Base Rentals primarily out of revenues generated from sales taxes. Neither the sales taxes nor other funds are, or can be, pledged to the payment of the Certificates. The following table shows the retail sales tax collections for the City for the last five fiscal years:

<u>Year</u>	<u>1% General</u>	<u>½% Transportation</u>	<u>½% Capital Improvements</u>	<u>¼% Parks</u>	<u>Totals</u>
2019 ⁽¹⁾	\$2,488,020	\$1,222,411	\$1,244,010	\$611,226	\$5,565,667
2018	2,369,822	1,164,024	1,184,538	581,819	5,300,203
2017	2,338,875	1,152,099	1,169,438	576,175	5,236,587
2016	2,321,260	1,142,384	1,160,630	571,123	5,195,397
2015	2,256,800	1,108,724	1,128,339	554,286	5,048,149

Source: City.

⁽¹⁾ Amount shown for fiscal year 2019 are unaudited.

Collections of the City's 1% general sales tax from January through August of 2020 totaled \$1,679,635 (unaudited), which is an increase of 2.3% over January through August of 2019, and an increase of 7.4% over January through August of 2018.

The voters of the City have approved the imposition of a use tax within the City at a rate equal to the rate of the local sales taxes in effect in the City. The use tax is the equivalent of a sales tax on purchases made from out-of-state sellers by in-state buyers. Collections of the use tax are anticipated to begin in October of 2020. Proceeds of the use tax will be used to fund public safety needs, with any excess funds being applied to the general fund.

Parity Obligations

The Series 2020 Certificates will rank on a parity with the City's outstanding Refunding Certificates of Participation, Series 2017, delivered in the original principal amount of \$3,725,000 (the "**Series 2017 Certificates**"). The Indenture provides for the future delivery of Additional Certificates that, if delivered, would rank on a parity with the Series 2017 Certificates, the Series 2020 Certificates and any other Additional Certificates then Outstanding under the Indenture. The Series 2020 Certificates, together with the Series 2017 Certificates and any other Additional Certificates, are collectively the "**Certificates.**" See the caption "**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Additional Certificates**" in *Appendix C* hereto.

Limited Obligations

Under the Lease, the City has agreed to pay Base Rentals consisting of a principal component and an interest component (collectively, the "**Base Rentals**") that are distributable with respect to the Certificates, but only if and to the extent that the Board of Aldermen annually appropriates sufficient money to pay the Base Rentals coming due during each succeeding Renewal Term.

Neither the Certificates, the Lease nor any payments required under the Lease will constitute a mandatory payment obligation of the City in any year beyond the year during which the City is a lessee under the Lease, or constitute or give rise to a general obligation or other indebtedness of the City. The City is not legally obligated to budget or appropriate money for any fiscal year beyond the current fiscal year or any subsequent fiscal year in which the Lease is in effect, and there can be no assurance that the City will appropriate funds to pay Base Rentals or renew the Lease after any Renewal Term of the Lease. The City may terminate its obligations under the Lease on an annual basis. The City will have the option to purchase the Trustee's interest in the Leased Property as provided in the Indenture and the Lease.

Neither the Certificates nor the Lease will constitute a debt or liability of the City, the State of Missouri or any political subdivision thereof, nor will they constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The execution and delivery of the Lease will not obligate the City to levy any form of taxation for the payments required thereunder or to make any appropriation for such payments in any fiscal year subsequent to a fiscal year in which the Lease is in effect.

Municipal Bond Insurance

Concurrently with the issuance of the Series 2020 Certificates, Assured Guaranty Municipal Corp. ("AGM") will issue a Municipal Bond Insurance Policy (the "**Insurance Policy**") with respect to the Series 2020 Certificates. The Insurance Policy guarantees the scheduled payment of the Principal Component and Interest Component of Base Rentals represented by the Series 2020 Certificates when due as set forth in the form of the Insurance Policy attached as *Appendix D* to this Official Statement.

Issuance of the Insurance Policy gives AGM certain rights with respect to the Series 2020 Certificates. For instance, AGM will be deemed the sole Owner of the Series 2020 Certificates for purposes of all approvals, consents, waivers, institution of any action, and the direction of all remedies pursuant to the Indenture, as well as for purposes of certain amendments to the Indenture. The rights of AGM are discussed under the caption "**Definitions of Words and Terms and Summaries of Documents – Requirements of the Insurer**" in *Appendix C* to this Official Statement.

Concurrently with the issuance of the Series 2020 Certificates, AGM will also issue a Municipal Bond Debt Service Reserve Insurance Policy (the "**Reserve Fund Insurance Policy**") with respect to the Series 2020 Certificates. See the caption "**Definitions of Words and Terms and Summaries of Documents – Requirements of the Insurer**" in *Appendix C* to this Official Statement.

The information contained in *Appendix D* has been furnished by AGM for use in this Official Statement. Such information has not been independently confirmed or verified by the City. No representation is made as to the accuracy, completeness or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained and incorporated herein by reference is correct. Reference is made to the specimen Insurance Policy attached as **Exhibit A to Appendix D** to this Official Statement, which is an integral part of this Official Statement. No assurance can be given that AGM will be able to meet its obligations under the Insurance Policy or the Reserve Fund Insurance Policy.

Risk Factors

Payment of the principal and interest distributable with respect to the Series 2020 Certificates is subject to certain risks. See the caption "**RISK FACTORS AND INVESTMENT CONSIDERATIONS.**"

Continuing Disclosure Information

The City has covenanted in its Continuing Disclosure Agreement to provide certain financial information and notices of material events to the Municipal Securities Rulemaking Board, in compliance with Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Definitions and Descriptions; Inspection of Documents

All capitalized terms used in this Official Statement not defined in the text hereof are defined under the caption **“Definitions of Words and Terms”** set forth in *Appendix C* to this Official Statement. Brief descriptions of the Series 2020 Certificates, the Ground Lease, the Lease, the Indenture and certain other matters are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Ground Lease, the Lease and the Indenture are qualified in their entirety by reference to such documents, copies of which may be viewed at the offices of McLiney And Company, a division of SAMCO Capital Markets, Inc. in Mission, Kansas, or will be provided to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request. All references to the Series 2020 Certificates are qualified in their entirety by the definitive terms thereof and the information with respect thereto included in the Ground Lease, the Lease and the Indenture.

THE SERIES 2020 CERTIFICATES

Description

The Series 2020 Certificates will be dated their date of delivery, and the principal component of Base Rentals distributable with respect to each Series 2020 Certificate will bear interest at specified rates as set forth on the inside cover page hereof. The interest component of Base Rentals distributable with respect to the Series 2020 Certificates will be payable semiannually on May 1 and November 1 of each year beginning on May 1, 2021 (collectively the **“Payment Dates”**). The principal component of Base Rentals distributable with respect to the Series 2020 Certificates is payable on November 1 of each year in the principal amounts set forth on the inside cover page of this Official Statement.

Interest distributable with respect to the Series 2020 Certificates is payable by (a) check or draft mailed by the Trustee to the person in whose name each Certificate is registered on the 15th day of the month next preceding each Payment Date at such person’s address as it appears on the registration books kept by the Trustee under the Indenture (the **“Register”**), or (b) in the case of the payment of interest components to the Securities Depository or any Registered Owner of \$500,000 or more in aggregate principal amount of Series 2020 Certificates, by electronic transfer to such Registered Owner upon written notice given to the Trustee by such Registered Owner not less than ten days prior to the Record Date for such interest components, containing the electronic transfer instructions including the bank (which shall be in the continental United States), ABA routing number and account name and account number to which such Registered Owner wishes to have such transfer directed. Principal distributable with respect to the Certificates is payable upon presentation and surrender thereof at the payment office of the Trustee.

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Prepayment Provisions*

Optional Prepayment. The Series 2020 Certificates are subject to prepayment on November 1, 20__ and thereafter in whole or in part at any time, at a prepayment price equal to 100% of the principal component of Base Rentals being prepaid, plus the Interest Component of Base Rentals accrued thereon to the Prepayment Date:

Mandatory Prepayment. The Series 2020 Certificates or portions thereof bearing stated maturity dates of November 1, 20__ (the “**Term Certificates**”), shall be subject to mandatory prepayment prior to their stated maturities at a prepayment price of 100% of the principal amount so prepaid plus accrued interest thereon to the prepayment date, without premium, in the following principal amounts:

November 1, 20__ Term Certificates

Maturity Date

Amount

*Final Maturity

Extraordinary Optional Prepayment in the Event of Damage, Destruction or Condemnation. The Series 2020 Certificates are subject to prepayment in whole or in part at any time, at a Prepayment Price equal to 100% of the principal amount to be prepaid, together with accrued interest thereon to the date fixed for prepayment, but without premium, upon instructions from the City in the event that:

- (1) title to, or the use for a limited period of, all or substantially all of the Leased Property is condemned by any authority having the power of eminent domain (other than the City);
- (2) title to all or substantially all of the Leased Property is found to be deficient or nonexistent to the extent that the efficient utilization of the Leased Property by the City is impaired;
- (3) all or substantially all of the Leased Property is damaged or destroyed by fire or other casualty; or
- (4) as a result of changes in the constitution of the State, or of legislative or administrative action by the State or any political subdivision thereof, or by the United States, or by reason of any action instituted in any court, the Ground Lease, the Lease or the Indenture shall become void or unenforceable, or impossible of performance without unreasonable delay, or in any other way, by reason of such change of circumstances, unreasonable burdens or excessive liabilities are imposed on the City with respect to the Ground Lease, the Lease or the Indenture.

Partial Prepayment of Certificates. Certificates will be prepaid only in the principal amount of \$5,000 each or integral multiples thereof. In the case of a partial prepayment of Certificates when Certificates of denominations greater than \$5,000 are then outstanding, each \$5,000 of principal amount will be treated as though it were a separate Certificate of the denomination of \$5,000. If it is determined that one or more, but not all, of the \$5,000 units of face value represented by any Certificate is to be called for prepayment, then upon notice of intention to prepay such \$5,000 unit or units, the owner of that Certificate must, without delay, surrender such Certificate to the Trustee for (1) payment of the prepayment price of the \$5,000 unit or units of face value called for prepayment and (2) exchange, without charge to the owner thereof, for a new Certificate or Certificates in any of the authorized denominations, at the option of the owner thereof, of the aggregate principal amount of the unpaid balance of the principal component of Base Rentals represented by the Certificate to be partially prepaid. If the owner of any such Certificate of a denomination greater than \$5,000 fails to present such Certificate to the Trustee for payment and exchange, the Base Rentals to be prepaid with

* Preliminary, subject to change.

respect to such Certificate will, nevertheless, become due and payable on the prepayment date to the extent of the \$5,000 unit or units of face value called for prepayment (and to that extent only). Interest will cease to accrue on the portion of the principal component of the Base Rentals represented by such \$5,000 unit or units of face value on and after the prepayment date. If funds sufficient for the payment of the prepayment price of such Certificates have been deposited with the Trustee and are available for the prepayment of such unit or units on the prepayment date, such Certificate will not be entitled to the benefit or security of the Indenture to the extent of the portion of its principal amount represented by such \$5,000 unit or units of face value.

Selection of Certificates. With respect to any partial prepayment of the Certificates and unless otherwise provided in the Indenture, the particular Certificates to be prepaid will be prepaid in such order of stated payment dates as the City determines and within each stated payment date by lot or in such other equitable manner as the Trustee determines.

Notice of Prepayment. Official notice of any prepayment of Certificates is required to be given by the Trustee by mailing a copy of the notice at least 20 days prior to the prepayment date by first class mail to the Owner of the Certificate or Certificates to be prepaid, at the address shown on the Register on the date the notice is mailed, as more fully described in the Indenture.

Acceleration

If the Lease is terminated upon the occurrence of an Event of Nonappropriation or an Event of Default occurs under the Indenture or the Lease and in either case the terms and conditions of the Indenture are satisfied, the principal component of Base Rentals then due and unpaid during the then current fiscal year with respect to the Certificates will be declared immediately due and payable. If sufficient money is not available to pay in full all interest and principal then due with respect to the Certificates, the Trustee will, after the payment of costs and expenses related to exercising remedies under the Indenture, apply all available money first to the payment of all interest due with respect to the Certificates, *pro rata* if necessary, and second to the payment of the principal due with respect to the Certificates, *pro rata* if necessary. See “**RISK FACTORS AND INVESTMENT CONSIDERATIONS**” below and “**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Events of Default**” and “**— Remedies Upon an Event of Default or Event of Nonappropriation**” in *Appendix C* hereto.

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“**DTC**”), New York, New York, will act as securities depository for the Series 2020 Certificates. The Series 2020 Certificates will be delivered as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Series 2020 Certificates, each in the aggregate principal amount of such maturity.

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 for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, 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 a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2020 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2020 Certificates on DTC's records. The ownership interest of each actual purchaser of each Series 2020 Certificate ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2020 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2020 Certificates, except in the event that use of the book-entry system for the Series 2020 Certificates is discontinued.

To facilitate subsequent transfers, all Series 2020 Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2020 Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2020 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2020 Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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 2020 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2020 Certificates, such as prepayments, defaults, and proposed amendments to the related documents. For example, Beneficial Owners of Series 2020 Certificates may wish to ascertain that the nominee holding the Series 2020 Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Prepayment notices shall be sent to DTC. If less than all of the Series 2020 Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2020 Certificates unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2020 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Prepayment proceeds, distributions, and dividend payments on the Series 2020 Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on 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 nor its nominee, the Trustee, or

the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of prepayment proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2020 Certificates at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2020 Certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2020 Certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof, and neither the DTC Participants nor the Beneficial Owners should 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.

Transfer Outside Book-Entry Only System

If the Book-Entry Only System is discontinued the following provisions would apply. The Series 2020 Certificates are transferable only upon the Register upon presentation and surrender of the Series 2020 Certificates, together with instructions for transfer. Series 2020 Certificates may be exchanged for other Series 2020 Certificates of any denomination authorized by the Indenture in the same aggregate principal amount, series, payment date and interest rate, upon presentation to the Trustee, subject to the terms, conditions and limitations and upon payment of any tax, fee or other governmental charge required to be paid with respect to any such registration, exchange or transfer.

SECURITY FOR THE CERTIFICATES

Limited Obligations; Sources of Payment

Each Certificate evidences the undivided interest of the Owner thereof in the right to receive Base Rentals to be made by the City under the Lease. The Series 2020 Certificates are payable solely out of the Base Rentals and other money and investments held by the Trustee under the Indenture.

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

Under the terms of the Lease, if the City elects to renew the Lease at the end of any Renewal Term, it is obligated to budget, appropriate and set aside a portion of its general revenues derived from property taxes, sales taxes and other sources, which appropriation must be sufficient to pay the Base Rentals coming due during the ensuing fiscal year. The City is obligated to pay Base Rentals to the Trustee on the 15th of each month preceding each Payment Date, which payments will be distributable as principal and interest with respect to the Certificates (but only if the City elects to renew the Lease for each Renewal Term). **There can be no assurance that the Board of Aldermen will appropriate funds for Base Rentals or renew the Lease after the current Renewal Term. The City is not legally required to budget or appropriate money for any subsequent fiscal year beyond the current fiscal year.**

Reserve Fund

A Reserve Fund is established pursuant to the Indenture and is required to be funded on the date of initial delivery of the Series 2020 Certificates in an amount equal to \$284,500* (the **“Reserve Requirement”**) with respect to the Series 2020 Certificates with a debt service reserve insurance policy in the amount of the Reserve Requirement delivered to the Trustee by AGM. For more information regarding AGM, see **“APPENDIX D – BOND INSURANCE AND SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”** Money in the Reserve Fund may be used solely (a) to make up any deficiencies in the Certificate Payment Fund and, if the money in the Certificate Payment Fund is insufficient to pay the principal component or the interest component of Base Rentals as the same become due, the Trustee is required to transfer from the Reserve Fund to the Certificate Payment Fund an amount sufficient to make up such deficiency or (b) to pay Base Rentals or to make deposits to the Certificate Payment Fund to make such payments, in the amounts and at the times specified in a written request of the City given to the Trustee. If the Trustee receives any such request, it must transfer the amount specified therein on the date or dates specified therein. There has or will be established a separate subaccount in the Reserve Fund for each series of Certificates that is secured by a Reserve Fund deposit. Under no circumstances shall any amount on deposit in a subaccount of the Reserve Fund established for a particular series of Certificates be applied for the benefit of any other series of Certificates.

Reserve Fund Insurance Policy

Concurrently with the issuance of the Series 2020 Certificates, AGM will issue a debt service reserve insurance policy for the Reserve Fund (the **“Reserve Fund Insurance Policy”**). Under the terms of the Reserve Fund Insurance Policy, AGM will unconditionally and irrevocably guarantee to pay that portion of the scheduled Principal Components and Interest Components of the Base Rentals represented by the Series 2020 Certificates when due as set forth in the form of the Reserve Fund Insurance Policy; provided that the payments made under the Reserve Fund Insurance Policy shall not exceed \$284,500* (the **“Reserve Fund Insurance Policy Limit”**). Pursuant to the terms of the Reserve Fund Insurance Policy, the amount available at any particular time to be paid to the Trustee under the Reserve Fund Insurance Policy shall automatically be reduced to the extent of any payment made by AGM under the Reserve Fund Insurance Policy unless subsequently reimbursed to AGM. The Reserve Fund Insurance Policy does not insure against nonpayment caused by the insolvency or negligence of the Trustee. For more information regarding AGM, see **“APPENDIX D – BOND INSURANCE AND SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”**

The Leased Property

The Leased Property consists of the City’s Municipal Center, Aquatic Center, Public Works Buildings, Municipal Golf Course and the Series 2011 Project (all as defined below). The City will, pursuant to the Ground Lease, lease the portion of the Leased Property consisting of real estate and improvements thereon to the Trustee, as lessee. Such portion of the Leased Property consists of those tracts of land on which the following facilities of the City are situated: the Municipal Center, Aquatic Center, Public Works Buildings, and Municipal Golf Course. The Ground Lease is for a term ending December 31, 2060.

The City’s municipal center (the **“Municipal Center”**) consists of approximately 93,600 square feet for use as a municipal center. The building was built in 1989 as a Wal-Mart store, has concrete floors, block walls and a standard design flat roof. The Municipal Center houses the police department, city hall (including administration, information technology, building department, city museum and public restrooms), public circulation areas and lounge and vending areas. The Leased Property includes approximately 9.0 acres of land on which the Municipal Center is located. Renovations to convert the building from the retail store to use as the Municipal Center were completed in 2002.

* Preliminary, subject to change.

The St. Robert Community Aquatic Center (the “**Aquatic Center**”) consists of a community building with an indoor pool and an outdoor pool and water park. The community building contains approximately 5,600 square feet and with an indoor pool of approximately 825 square feet, a concessions area, restrooms and changing areas, a meeting room and office space for employees. The outdoor pool and water park covers approximately 5,900 square feet and includes fitness swimming lanes, two water slides, a zero-depth small child area, a lazy river and fountain features for children. The Leased Property includes approximately 10.4 acres of land on which the Aquatic Center structures are located. The Aquatic Center was completed in 2011.

The City’s Public Works Buildings consist of (1) a public works maintenance garage (the “**Maintenance Garage**”), a metal building containing approximately 3,900 square feet of space with a concrete floor, a hydraulic vehicle lift and space for vehicle maintenance, and (2) a public works utility building (the “**Utility Building**,” together with the Maintenance Garage, the “**Public Works Buildings**”), a metal building containing approximately 10,200 square feet of space, including office space for utility and maintenance operations and garage space for storage of utility equipment. The Maintenance Garage and the Utility Building were built in 2013. The Leased Property includes approximately 3.6 acres of land on which the Public Works Buildings are located.

The City’s par-3, nine-hole “pitch and putt” golf course (the “**Municipal Golf Course**”) is located on approximately 17.5 acres of land adjacent to the Municipal Center. The Municipal Golf Course was completed in January of 2011 and includes a 2,350 square foot clubhouse and a driving range in addition to the nine-hole course. The Municipal Golf Course is the first golf course in the region to utilize synthetic greens to extend the playing season and reduce course maintenance.

Pursuant to the Lease, the Trustee, as lessor, will lease the portion of the Leased Property consisting of real estate and improvements thereon, together with the Series 2011 Project (defined below), to the City for a term ending December 31, 2020, with successive one-year Renewal Terms, the final Renewal Term ending December 31, 2029. The Series 2011 Project consists of street, sewer and utility improvements to facilitate developments at St. Robert Landing, which was developed by the City to attract mixed public and commercial development and is located to the west of the intersection of Missouri Avenue and Eastlawn Avenue and south of the City’s busiest intersection of Interstate Highway 44 and Missouri Avenue. The Series 2011 Project included (1) street extensions with storm water drainage, curbs and sidewalks, traffic lighting, striping and other traffic controls at an approximate cost of \$1,986,731; (2) extensions of water, sewer, natural gas and electric lines and pipes at an approximate cost of \$1,070,785; and (3) a new sewage pump/transfer station and related improvements (the “**Sewage Transfer Station**”).

St. Robert Landing currently consists of 38 acres of land owned by the City. It is undeveloped except for the public improvements made by the City as part of the Series 2011 Project and a Culver’s fast food restaurant. The City originally anticipated that approximately 20 acres of the St. Robert Landing property would be sold and developed into a restaurant and retail district focusing on family-oriented products, services, and entertainment. The City was hoping to attract a movie theater, a junior retail anchor and a variety of smaller retail business and restaurants to the development. Development has been slow, but the City is still pursuing opportunities to bring retailers and restaurants to St. Robert Landing.

The 38 acre site of St. Robert Landing was purchased in August 2010 for \$2,500,000, which was partially funded by the proceeds of the City’s Taxable Certificates of Participation, Series 2010 (the “**Series 2010 Certificates**”). The Series 2010 Certificates are not secured by the Leased Property, the Ground Lease, the Lease or the Indenture, but are secured by a leasehold interest in the St. Robert Landing site. The Series 2010 Certificates remain outstanding in the principal amount of \$1,306,491.03 as of September 1, 2020. The St. Robert Landing site is not part of the Leased Property and is not security for the Series 2017 Certificates or the Series 2020 Certificates.

If an Event of Default or Event of Nonappropriation occurs under the Indenture or the Lease, the Trustee has the right to possession of the Leased Property (including all improvements now or to be situated on the Leased Property) for the remainder of the term of the Ground Lease, and has the right to assign or sublease its interest in the Ground Lease (subject to the exceptions discussed below) upon such terms as it deems

prudent and to assign, lease or sell its interest in the Series 2011 Project. The proceeds from such assignment, sublease or sale are required to be paid to the Trustee and applied in accordance with the Indenture. **Owners of the Certificates are cautioned, however, that the nature of the Leased Property may impair the Trustee's ability to assign, sublease or sell it upon the occurrence of an Event of Default or Event of Nonappropriation or to obtain an amount therefor that would be sufficient to pay the principal and interest distributable with respect to all Certificates then outstanding.** See the caption **"RISK FACTORS AND INVESTMENT CONSIDERATIONS — Expiration or Termination of the Lease"** below.

The real property comprising the Municipal Center portion of the Leased Property (the **"Municipal Center Leased Property"**) is subject to a deed restriction which prohibits the use or occupancy of the Municipal Center Leased Property for or by a discount department store, a grocery store or a drug store. The deed restriction expressly states that it does not prevent the operation of other types of retail stores on the Municipal Center Leased Property. Upon the occurrence of an Event of Default or Event of Nonappropriation under the Indenture or the Lease, the Trustee has the right to possession of the Municipal Center Leased Property (including the improvements now or to be situated on the Municipal Center Leased Property) for the remainder of the term of the Ground Lease and may assign or sublease its interest in the Municipal Center Leased Property, but may not do so in a manner that would result in the use of the Municipal Center Leased Property in the operation of a discount department store, a grocery store or a drug store. This restriction may reduce the likelihood that the Trustee will be able to obtain revenues from the Municipal Center Leased Property sufficient to pay the principal and interest distributable with respect to the Certificates then Outstanding, after taking into account money legally available from other sources. See the caption **"RISK FACTORS AND INVESTMENT CONSIDERATIONS — Limitation on Use of Municipal Center Leased Property"** below.

By recorded plat, the real property comprising the Aquatic Center portion of the Leased Property (the **"Aquatic Center Leased Property"**) has been dedicated to "public use." Upon the occurrence of an Event of Default or Event of Nonappropriation under the Indenture or the Lease, the Trustee has the right to possession of the Aquatic Center Leased Property (including the improvements now or to be situated on the Aquatic Center Leased Property) for the remainder of the term of the Ground Lease. The Trustee does not have the right to assign or sublease its interest in the Ground Lease with respect to the Aquatic Center Leased Property for other than a public use. Upon the occurrence of an Event of Default or an Event of Nonappropriation, the Trustee may (a) terminate the City's right to use the Aquatic Center on the Aquatic Center Leased Property for the term of the Ground Lease and cease operations of the Aquatic Center, or (b) operate the Aquatic Center itself, or in cooperation with the City, in a manner that constitutes "public use" for purposes of Missouri law. In either event, the Trustee will not (in the event the Trustee ceases operations of the Aquatic Center) or may not (in any other event), obtain revenues from the Aquatic Center Leased Property sufficient to pay the principal and interest distributable with respect to the Certificates then Outstanding, after taking into account money legally available from other sources. See the caption **"RISK FACTORS AND INVESTMENT CONSIDERATIONS — Limitation on Use of Aquatic Center Leased Property"** below.

Due to the nature of the Series 2011 Project (consisting mostly of concrete, asphalt, and underground utilities, in addition to the Sewage Transfer Station), no assurance can be given that the Trustee could assign, lease or sell its rights to the Series 2011 Project under the Lease for an amount sufficient to pay the principal and interest distributable with respect to the Certificates then Outstanding, after taking into account money legally available from other sources. See the caption **"RISK FACTORS AND INVESTMENT CONSIDERATIONS — Practical Limitations with Respect to the Security Interest in the Series 2011 Project"** below.

Parity Obligations

The Series 2020 Certificates, when delivered, will rank on a parity with the outstanding Series 2017 Certificates. The Series 2017 Certificates are currently outstanding in the principal amount of \$2,760,000 (as of September 1, 2020).

Additional Certificates may be delivered without the consent of the Owners of the Certificates to refund the Certificates of any series in a manner that provides present value debt service savings to the City. Additional Certificates may also be delivered without the consent of the Owners of the Certificates, but with the consent of the Underwriter, for such additional purposes as the City may deem necessary. The Underwriter has provided the consent to deliver the Series 2020 Certificates on a parity with the outstanding Series 2017 Certificates. Additionally, the refunding of the Refunded Certificates is anticipated to provide present value debt service savings to the City.

All Additional Certificates will be secured by the lien of the Indenture and will rank on a parity with the Series 2020 Certificates, the Series 2017 Certificates and any Additional Certificates. Unless provided otherwise in a supplement to the Indenture, any Additional Certificates will be in substantially the same form as the Series 2020 Certificates and the Series 2017 Certificates, but will bear such date or dates, bear such interest rate or rates, have such payment date or dates, prepayment dates and prepayment premiums, and be issued at such prices as are approved in writing by the City, subject to the requirements of the Indenture.

THE TRUSTEE

Security Bank of Kansas City, Kansas City, Kansas, a state banking corporation authorized to transact business in the State of Missouri, will be the Trustee under the Indenture and a party to the Lease and the Ground Lease. The Trustee may consult with counsel, and the opinion of such counsel will be full and complete authorization and protection with respect to any action taken or suffered by the Trustee in good faith in accordance with such opinion. The Trustee may execute any trusts or powers or perform the duties required by the Indenture, the Lease or the Ground Lease by or through attorneys, agents or receivers and will not be answerable for the default or misconduct of any such attorney, agent or receiver selected by it in good faith.

The Series 2020 Certificates are executed by the Trustee, not individually or personally but solely as Trustee under the Indenture, in the exercise of the power and authority conferred upon and invested in it as such Trustee. Except for its negligence or willful misconduct, nothing contained in the Indenture, the Lease or the Ground Lease is to be construed as creating any liability on the Trustee, individually or personally, to perform any covenant either express or implied in the Certificates, the Indenture, the Lease or the Ground Lease, all such liability, if any, being expressly waived by the Owners of the Certificates by the acceptance thereof and by each and every person now or hereafter claiming by, through or under the Trustee or the Owners of the Certificates. Insofar as the City is concerned, the Trustee and the Owner of any Certificate and any person claiming by, through or under the Trustee or the Owner of any Certificate may look solely to the Trust Estate described in the Indenture for payment of the interests evidenced by the Certificates.

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

RISK FACTORS AND INVESTMENT CONSIDERATIONS

The purchase of the Series 2020 Certificates involves certain investment risks that are discussed throughout this Official Statement. Each prospective purchaser of the Series 2020 Certificates should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed investment decision. Certain risk factors relating to the Series 2020 Certificates are described below.

Limited Obligations

The Series 2020 Certificates represent an interest in the right to receive amounts due under the Lease, which constitute currently budgeted expenditures of the City, payable only if the Board of Aldermen appropriates sufficient money to extend the term of the Lease for each successive fiscal year. The current Renewal Term of the Lease expires on December 31, 2020. The Lease is thereafter subject to successive one-

year Renewal Terms commencing on January 1 of each year, and a final Renewal Term ending December 31, 2029. The City's obligations under the Lease do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Although the City intends to satisfy its obligations to pay Base Rentals primarily out of the revenues generated by its sales taxes, those revenues are not pledged to the payment of the Certificates.

The Board of Aldermen has declared its current intention and expectation that the Lease will be renewed annually until the City exercises its option to acquire the Trustee's interest in the Leased Property. However, such a declaration may not be construed as contractually obligating or otherwise binding the City. Accordingly, the likelihood that the City will renew the Lease for all Renewal Terms and continue to pay the Base Rentals thereunder for distribution by the Trustee with respect to the Certificates is dependent upon certain factors which are beyond the control of the Owners, including (1) the City's continuing need for the Leased Property, (2) the demographic conditions within the City, (3) the City's ability to generate sufficient funds from property taxes, sales taxes and other sources to pay its obligations under the Lease and its other obligations and (4) the value of the Leased Property if assigned or subleased in proceedings instituted by the Trustee if the term of the Lease is terminated as a result of an Event of Default or Event of Nonappropriation.

AGM Control of Remedies

In the event the City fails to pay Base Rentals sufficient to pay the Principal Components and Interest Components of the Series 2020 Certificates when the same become due, any owner of Series 2020 Certificates shall have recourse against AGM for such payments. The principal risk that could affect payment of the Series 2020 Certificates is the inability or refusal of AGM to perform its duties under the Insurance Policy. In addition, the Insurance Policy does not insure payment of the Principal Components or Interest Components of the Series 2020 Certificates coming due by reason of acceleration or prepayment (other than mandatory sinking fund prepayment), nor does it insure the payment of any prepayment premium payable upon the prepayment of the Series 2020 Certificates. Under no circumstances, including the situation in which the Interest Component of Base Rentals represented by the Series 2020 Certificates becomes subject to federal or state taxation for any reason, can the maturities of the Series 2020 Certificates be accelerated except with the consent of AGM. Furthermore, so long as AGM performs its obligations under the Insurance Policy, AGM may direct, and its consent must be obtained before the exercise of, any remedies to be undertaken by the Trustee on behalf of the Owners of the Series 2020 Certificates under the Indenture. In the event that AGM is unable to make payments of Principal Components and Interest Components of Base Rentals represented by the Series 2020 Certificates as such payments become due, the Series 2020 Certificates are payable solely from moneys received by the Trustee pursuant to the Indenture, the Lease and the Base Lease. See **"APPENDIX D – BOND INSURANCE AND SPECIMEN MUNICIPAL BOND INSURANCE POLICY."**

Expiration or Termination of the Lease

The Lease will expire by its terms on December 31 during each year from 2020 through 2029, unless the City in its sole discretion exercises the option provided in the Lease to extend its term for each next succeeding Renewal Term. If the City does not extend in any year the term of the Lease, the City's obligation to make payments will terminate on the December 31 occurring at the end of each Renewal Term. Upon (1) the expiration of any Renewal Term during which an Event of Nonappropriation occurs or (2) a default under the Lease and an election by the Trustee to terminate the City's possessory interest under the Lease, the City's right of possession of the Leased Property under the Lease will expire or be terminated, as appropriate. See **"SUMMARY OF CERTAIN PROVISIONS OF THE LEASE — Events of Default"** and **"— Remedies on Default"** in *Appendix C* hereto.

If the City's right of possession of the Leased Property under the Lease expires or is terminated for either of the reasons described in the preceding paragraph, the City's obligation to make payments thereunder will continue through the Renewal Term then in effect, but not thereafter, and the Certificates will be payable from, among other sources, such money as may be available by way of recovery from the City of the Base Rentals that are due through the Renewal Term then in effect. If the Lease expires at the end of a Renewal Term without any extension for the next succeeding Renewal Term or if an event occurs as described above

pursuant to which the Trustee terminates the City's right of possession of the Leased Property under the Lease, the Trustee may recover and relet or assign its interest in the Leased Property (subject to the exceptions discussed below under the headings "**RISK FACTORS AND INVESTMENT CONSIDERATIONS — Limitation on Use of Municipal Center Leased Property**" and "**— Limitation on Use of Aquatic Center Leased Property**") as provided in the Ground Lease and the Indenture. The net proceeds of any reletting or assignment of the Trustee's interest in the Leased Property, together with certain other money then held by the Trustee under the Indenture, are required to be used to pay the Certificates to the extent of such money.

Due to the nature of the Leased Property, no assurance can be given that the Trustee could relet or assign its interest in the Leased Property for the amount necessary (after taking into account money legally available from other sources) to pay in full the principal and interest components of Base Rentals then due with respect to the Certificates. Furthermore, no assurance can be given that the amount, if any, realized upon any reletting or assignment of the Trustee's interest in the Leased Property will be available to provide for the payment of the Certificates on a timely basis.

Limitation on Use of Municipal Center Leased Property

The real property comprising the Municipal Center Leased Property is subject to a deed restriction which prohibits the use or occupancy of the Municipal Center Leased Property for or by a discount department store, a grocery store or a drug store. The deed restriction expressly states that it does not prevent the operation of other types of retail stores on the Municipal Center Leased Property. Upon the occurrence of an Event of Default or Event of Nonappropriation under the Indenture or the Lease, the Trustee has the right to possession of the Municipal Center Leased Property (including the improvements now or to be situated on the Municipal Center Leased Property) for the remainder of the term of the Ground Lease and may assign or sublease its interest in the Municipal Center Leased Property, but may not do so in a manner that would result in the use of the Municipal Center Leased Property in the operation of a discount department store, a grocery store or a drug store.

Due to the nature of the Municipal Center Leased Property, no assurance can be given that the Trustee could relet or assign its interest in the Municipal Center Leased Property for the amount necessary (after taking into account money legally available from other sources) to pay in full the principal and interest components of Base Rentals then due with respect to the Certificates. Compliance with the deed restriction affecting the Municipal Center Leased Property may reduce the likelihood that the Trustee will be able to obtain revenues sufficient to pay the principal and interest distributable with respect to the Certificates then Outstanding.

Limitation on Use of Aquatic Center Leased Property

The use of the real property comprising the Aquatic Center Leased Property has been limited by a dedication in the recorded plat of such property to "public use." Although the Trustee, in the case of an Event of Default or Event of Nonappropriation under the Indenture or the Lease, has the right to possession of the Aquatic Center Leased Property (including the improvements now or to be situated on the Aquatic Center Leased Property) for the remainder of the term of the Ground Lease, the Trustee does not have the right to assign or sublease its interest in the Ground Lease with respect to the Aquatic Center Leased Property for purposes other than public uses. Upon the occurrence of an Event of Default or an Event of Nonappropriation, the Trustee may (a) terminate the City's right to use the Aquatic Center on the Aquatic Center Leased Property for the term of the Ground Lease and cease operations of the Aquatic Center, or (b) operate the Aquatic Center itself, or in cooperation with the City, in a manner that constitutes "public use" for purposes of Missouri law. In either event, the Trustee will not (in the event the Trustee ceases operations of the Aquatic Center) or may not (in any other event), obtain revenues from the Aquatic Center Leased Property sufficient to pay the principal and interest distributable with respect to the Certificates then Outstanding.

The Trustee is not required, under the Indenture, the Ground Lease or any other document to operate the Aquatic Center Leased Property for the purpose of producing revenue in order to pay the Certificates. It may be that, upon expiration or termination of the City's right of possession of the

Leased Property under the Lease, the Aquatic Center Leased Property will not be operated for the remainder of the Ground Lease term, producing no revenue for the payment of Certificates.

Limitations with Respect to the Security Interest in the Series 2011 Project

Under the Lease, the Trustee retains a security interest in the Series 2011 Project. Upon the occurrence of an Event of Default or an Event of Nonappropriation, title to the personal property included in the Series 2011 Project will, at the option of the Trustee, thereafter immediately and without any action by the City vest in the Trustee, and the City is required under the Lease to, upon the Trustee's request, reasonably surrender possession of such personal property to the Trustee. The Trustee may then, at its option, assign, lease or sell its interest in the Series 2011 Project and apply the proceeds of such disposition to the payment of the Certificates.

Due to the nature of the Series 2011 Project (consisting mostly of concrete, asphalt, and underground utilities, in addition to the Sewage Transfer Station), no assurance can be given that the Trustee could assign, lease or sell its rights to the Series 2011 Project for the amount necessary (after taking into account money legally available from other sources) to pay in full the principal and interest components of Base Rentals then due with respect to the Certificates.

Delays in Exercising Remedies

A termination of the City's right of possession of the Leased Property under the Lease as a result of an Event of Default or an Event of Nonappropriation or expiration of the term of the Lease at the end of any Renewal Term without an extension for the next succeeding Renewal Term will give the Trustee the right to possession of, and (except as discussed herein with respect to the Municipal Center Leased Property and the Aquatic Center Leased Property) the right to relet or assign its interest in the Leased Property in accordance with the provisions of the Ground Lease and the Indenture. However, the enforceability of the Ground Lease and the Indenture is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the exercise of judicial authority by State of Missouri or federal courts and the exercise by the United States of America of the powers delegated to it by the U.S. Constitution.

Further, the Leased Property is used by the City for the performance of its essential governmental functions. Due to the essential governmental use of the Leased Property and the delays inherent in obtaining possession of the Leased Property and other judicial remedies, no assurance can be given that (1) a court, in the exercise of judicial discretion, would enforce these remedies in a timely manner, or (2) any money realized by the Trustee upon an exercise of any remedies would be sufficient to pay in full the principal and interest components of Base Rentals with respect to the Certificates. The legal opinions to be delivered with the delivery of the Series 2020 Certificates will be qualified as they relate to the enforceability of the various legal instruments by reference to the limitations on enforceability of those instruments under (1) applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights, (2) general principles of equity, and (3) the exercise of judicial discretion in appropriate cases. If such money is insufficient to pay all outstanding Certificates in full, the Certificates would be paid in part on a *pro rata* basis. Any delays in the ability of the Trustee to obtain possession of the Leased Property will, of necessity, result in delays in any payment of principal and interest components of Base Rentals with respect to the Certificates.

Destruction of the Leased Property

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

proceeds are to be so applied. If the Net Proceeds are insufficient for such purpose, (1) the City is obligated to commence and thereafter complete the work and pay any cost in excess of such net proceeds, but only from Supplemental Rent appropriated by the City, in order for the affected portion of the Leased Property to be repaired, restored and replaced, (2) if the failure to repair or restore does not materially detract from the value of the Leased Property, such net proceeds may be deposited into the Certificate Payment Fund or (3) the City may apply net proceeds to the payment of the Option Price applicable on the next available Optional Payment Date and, if such net proceeds are insufficient to pay such Option Price, the City is required under the Lease to pay such amounts as are necessary to equal the full Option Price.

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

Amendment of the Indenture, Lease and Ground Lease

Certain amendments to the Indenture, the Lease and the Ground Lease may be made with consent of the owners of not less than a majority in principal amount of the Certificates (including any Additional Certificates which may be hereafter delivered) then outstanding affected by such supplemental indentures or supplemental leases. Such amendments may adversely affect the security of the owners of the Certificates. In addition to the foregoing, in some jurisdictions outside the State of Missouri, there are a variety of trust instruction procedure (“TIP”) statutes, which generally allow judicially supervised remedies for trust estates of trustees that have a nexus, such as the trustee’s office, with such jurisdiction. Under such TIP statutes, such jurisdictions may allow or order the Trustee to amend the documents relating to the Certificates in contravention of the manner provided for in such documents, including without limitation allowing the Trustee to disregard provisions requiring the consent of the owners of the Certificates prior to certain amendments.

Parity Obligations; Consent of the Underwriter

The Series 2020 Certificates, when delivered, will rank on a parity with the outstanding Series 2017 Certificates.

The Indenture provides for the future delivery of Additional Certificates that, if delivered, would rank on a parity with the Series 2020 Certificates, the Series 2017 Certificates and any other Additional Certificates then Outstanding under the Indenture. Additional Certificates may be delivered without the consent of the Owners of the Certificates to refund the Certificates of any series in a manner that provides present value debt service savings to the City. Additional Certificates may also be delivered without the consent of the Owners of the Certificates, but with the consent of the Underwriter, for such additional purposes as the City may deem necessary. The principal amount of Additional Certificates that may be delivered with the consent of the Underwriter is not limited by the Indenture and there is no requirement to provide additional property in connection with the issuance of Additional Certificates that would be subject to the terms of the Ground Lease or the Lease. The issuance of Additional Certificates without a corresponding addition to the Leased Property could reduce the likelihood that, in the Event of Default or Event of Nonappropriation by the City, the Trustee would be able to relet or assign its interest in the Leased Property for the amount necessary (after taking into account money legally available from other sources) to pay in full the principal and interest components of Base Rentals then due with respect to the Certificates.

Other Factors

The City intends to satisfy its obligation to pay Base Rentals under the Lease primarily out of revenues generated from its sales taxes. Purchasers of the Certificates should be aware, however, that such revenues are not pledged to the payment of the Certificates. Additionally, one or more of the following factors or events could adversely affect the City’s operations and financial performance to an extent that cannot be determined at this time:

1. *Changes in Management.* Changes in key management personnel could affect the capability of the management of the City.
2. *Future Economic Conditions.* Adverse economic conditions or changes in demographics in or near the City, including increased unemployment, a reduction in activities at or the closure of the Fort Leonard Wood military base, inability to control expenses in periods of inflation, could adversely impact the City's financial condition.
3. *Insurance Claims.* Increases in the cost of general liability insurance coverage and the amounts paid in settlement of liability claims not covered by insurance could adversely impact the City's financial performance.
4. *Organized Labor Efforts.* Efforts to organize employees of the City into collective bargaining units could result in adverse labor actions or increased labor costs.
5. *Environmental Hazards.* The City has covenanted in the Lease to comply with all applicable environmental laws. No environmental studies have been performed with respect to the Leased Property. The City is not aware of any environmental condition at the Leased Property that requires any present remedial action. The discovery of such a condition may adversely affect the City's willingness to renew the Lease after the expiration of any Renewal Term.
6. *Natural Disasters.* The occurrence of natural disasters, such as tornados, earthquakes, floods or droughts, could damage the facilities of the City, interrupt services or otherwise impair operations and the ability of the City to produce revenues.

Fort Leonard Wood

At present, the largest employer in or near the City is Fort Leonard Wood and several other top employers are related to or derivative of Fort Leonard Wood. See "**THE CITY – Economic Information**" in *Appendix A* to this Official Statement for a list of the top area employers. Fort Leonard Wood is the home to the U.S. Army Maneuver Support Center of Excellence, the U.S. Army Engineer School, the Military Police School and the Chemical, Biological, Radiological and Nuclear school. Fort Leonard Wood, together with federal and contract employers operating out of Fort Leonard Wood, employs over 25,000 civilians and military personnel and over 80,000 service members are being trained annually at Fort Leonard Wood. A large portion of the City's visitors and tourism dollars are related to activities at Fort Leonard Wood, including attendance at graduation ceremonies for service members and visits to service members stationed at Fort Leonard Wood.

The Fort Leonard Wood military base was established in 1940. Initially, the fort consisted of approximately 1,600 buildings, comprising more than five million square feet of floor space. The fort has since expanded to include 2,355 buildings providing 15.4 million square feet of facilities for its technical training and support activities. Continued investment by the federal government in Fort Leonard Wood includes the complete replacement of the fort's hospital facility, which is in progress. In August of 2019, a \$295,000,000 design-build contract was awarded to the Kansas City, Missouri-based firm JE Dunn Construction to construct a new hospital facility at Fort Leonard Wood. Facilities to be constructed include a 235,400 square-foot hospital, a 193,300 square-foot clinic, a central utility plant, emergency back-up generators, a five-bay ambulance garage, a helipad and supporting facilities. Construction on the project began in late-June 2020.

Although it appears to be expanding operations and investment at Fort Leonard Wood currently, the federal government periodically reevaluates the necessity and efficiency of all of its military installments. Base Realignment and Closure ("**BRAC**") is a Congressionally-authorized process by which the U.S. Department of Defense reorganizes its base structure to more efficiently and effectively support the armed forces, increase operational readiness and facilitate new ways of doing business. The Defense Secretary's Commission on Base Realignment and Closures was chartered on May 3, 1988 to recommend military installations within the United States, its commonwealths, territories, and possessions for realignment and closure. More than 350

installations have been closed in five BRAC rounds: 1988, 1991, 1993, 1995, and 2005. If another round of BRAC were implemented by Congress, it is possible that all or a portion of the installments at Fort Leonard Wood would be affected. A decision by the federal government to close Fort Leonard Wood or to reduce the number of personnel located at the base would adversely affect the City and the local economy.

Changes in State and Local Tax Laws

Any change in the current system of collection and distribution of sales tax revenues, including judicial action concerning such taxes, could adversely affect the availability of sales tax revenues from which the City intends to make payments on the Certificates. There can be no assurances, however, that the current system of collection and distribution of sales tax revenues in the State will not be changed by the State or the courts.

Changes in Economic, Demographic and Market Conditions

In particular, sales tax revenues historically have been sensitive to changes in local, regional and national economic conditions. For example, sales tax revenues have historically declined during economic recessions, when high unemployment adversely affects consumption. Demographic changes in the City may adversely affect the level of sales tax revenues from which the City intends to make payments on the Certificates. A decline in population or reductions in the level of commercial and industrial activity in the City could reduce the number and value of taxable transactions in the City. Internet and online sales have also caused local sales tax collections to decline. It is not possible to predict whether or to what extent any such changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur, and what impact any such changes would have on the City's revenues. The voters of the City have approved the imposition of a use tax within the City at a rate equal to the rate of the local sales taxes in effect in the City. The use tax is the equivalent of a sales tax on purchases made from out-of-state sellers by in-state buyers. Collections of the use tax are anticipated to begin in October of 2020.

Power of Eminent Domain

Cities are granted under the laws of the State of Missouri the power to condemn property for any purpose for which such cities are authorized to acquire property. There is no assurance that if the City were to condemn the Trustee's interest under the Ground Lease that the condemnation award would be sufficient to pay the outstanding principal and interest components with respect to the Certificates. The City has agreed in the Ground Lease and the Lease that, in the event that the whole or any part of the Leased Property is taken by eminent domain proceedings, the interest of the Trustee will be recognized. The City and the Trustee have reached an agreement on the terms of the acquisition of the Leased Property at the City's option, and to the use of the Leased Property. The City has agreed that any acquisition of the Leased Property or rights to their use by the City (whether pursuant to the exercise of eminent domain powers or otherwise) shall be pursuant to and in accordance with the Lease, including payment of Base Rentals and the applicable purchase price (as defined and set forth in the Indenture). If the City allows the Lease to expire without exercising its option to purchase, whether by failure to exercise its option to extend the Lease for a Renewal Term, failure to exercise its option to purchase at the conclusion of the final Renewal Term or failure to cure an Event of Default (as such terms are defined in the Lease and the Indenture), the City's failure to exercise the option to purchase shall constitute an irrevocable determination by the City that the Leased Property is not required by it for any public purpose for the term of the Ground Lease. The enforceability of the foregoing agreements of the City has not been the subject of judicial interpretation.

Reserve Fund

At the time of delivery of the Series 2020 Certificates, the Reserve Fund will be funded in an amount equal to \$284,500* (the "**Reserve Requirement**") with a debt service reserve insurance policy in the amount of the Reserve Requirement delivered to the Trustee by AGM. For more information regarding AGM, see

* Preliminary, subject to change.

“APPENDIX D – BOND INSURANCE AND SPECIMEN MUNICIPAL BOND INSURANCE POLICY.” There can be no assurance that the amounts on deposit in the Reserve Fund will be available if needed for payment of the Series 2020 Certificates in the full amount of the Reserve Requirement because (1) of fluctuations in the market value of the securities deposited therein and/or (2) if funds are transferred to the Certificate Payment Fund, sufficient revenues may not be available or appropriated to replenish the Reserve Fund to the Reserve Requirement.

Effects of Termination of the Lease on the Certificates

Special Counsel has rendered no opinion with respect to the applicability or inapplicability of the registration requirements of the Securities Act of 1933, as amended, to any Certificate subsequent to termination of the Lease by reason of an Event of Nonappropriation or an Event of Default. If any Renewal Term is terminated by reason of such events, there is no assurance that the Series 2020 Certificates may be transferred by an Owner thereof without compliance with the registration provisions of the Securities Act of 1933, as amended, or the availability of an exemption therefrom.

Special Counsel is not rendering an opinion with respect to the tax-exempt status of the Interest Component of the Base Rentals distributable to owners of the Series 2020 Certificates subsequent to the termination of the Lease for any reason (including an Event of Default or an Event of Nonappropriation under the Lease). If the Lease is terminated while Series 2020 Certificates are outstanding, there is no assurance that payments made to Series 2020 Certificate owners after such termination with respect to interest will be excluded from gross income of the owners thereof for federal or Missouri income tax purposes.

Taxability

The Series 2020 Certificates are not subject to prepayment nor is the interest rate subject to adjustment in the event of a determination by the Internal Revenue Service or a court of competent jurisdiction that the interest paid or to be paid on any Series 2020 Certificate is or was includible in the gross income of the Owners of the Series 2020 Certificates for federal income tax purposes. **It may be that Owners of the Series 2020 Certificates would continue to hold their certificates, receiving principal and interest as and when due, but would be required to include such interest payments in gross income for federal income tax purposes. Special Counsel expresses no opinion as to the federal tax exemption of interest on the Series 2020 Certificates in the event of payment thereof (a) if the City fails to budget and appropriate sufficient moneys to pay the Base Rentals under the Lease or (b) the Lease terminates for any reason.**

Risk of Audit

The Internal Revenue Service has established an ongoing program to audit tax-exempt obligations to determine the legitimacy of the tax-exempt status of such obligations. No assurance can be given that the Internal Revenue Service will not commence an audit of the Series 2020 Certificates. Owners of the Series 2020 Certificates are advised that, if an audit of the Series 2020 Certificates were commenced, in accordance with its current published procedures, the Internal Revenue Service is likely to treat the City as the taxpayer, and the Owners of the Series 2020 Certificates may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Series 2020 Certificates during the pendency of the audit, regardless of the ultimate outcome of the audit.

Loss of Premium from Prepayment

Any person who purchases a Series 2020 Certificate at a price in excess of its principal amount or who holds such Certificate trading at a price in excess of par should consider the fact that the Series 2020 Certificates are subject to prepayment prior to maturity at the prepayment prices described herein in the event such Series 2020 Certificates are prepaid prior to maturity. See the section herein captioned **“THE SERIES 2020 CERTIFICATES – Prepayment Provisions.”**

Secondary Market

There is no assurance that a secondary market will develop for the purchase and sale of the Series 2020 Certificates. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and changes in operating performance of the entities operating the facilities subject to the municipal securities. From time to time the secondary market trading in selected issues of municipal securities as a result of the financial condition or market position of the underwriter, prevailing market conditions, or a material adverse change in the operations of that entity, whether or not the subject securities are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices. Municipal securities are generally viewed as long-term investments, subject to material unforeseen changes in the investor's circumstances, and may require commitment of the investor's funds for an indefinite period of time, perhaps until maturity.

Defeasance Risks

When all Certificates are deemed paid as provided in the Indenture (See **"SUMMARY OF THE INDENTURE –Discharge of Indenture"** and **"– Certificates Deemed to be Paid"** in *Appendix C* hereto), the Indenture will be released and terminated and the Leased Property encumbered by the Site Lease and the Lease Agreement as security for the Certificates will be released. Any Certificate shall be deemed to be paid when (a) payment of the Principal Component of Base Rentals evidenced by such Certificate and premium, if any, thereon and the Interest Component of Base Rentals payable with respect thereto whether such payment is by reason of the stated payment date or upon prepayment as provided in the Indenture either (i) has been made in accordance with the terms thereof, or (ii) has been provided by irrevocably depositing, in trust and irrevocably set aside exclusively for such payment, (1) cash sufficient to make such payment and/or (2) Defeasance Obligations, maturing as to principal and interest in such amounts and at such time as will insure the availability of sufficient moneys to make such payment. Defeasance Obligations include, in addition to cash and obligations pre-refunded with cash, bonds, notes, certificates of indebtedness, treasury bills and other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America. Historically, such United States obligations have been rated in the highest rating category by the rating agencies. There is no legal requirement in the Indenture, the Ground Lease or the Agreement that Defeasance Obligations consisting of such United States obligations be or remain rated in the highest rating category by any rating agency. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and that could include the rating of Certificates defeased with Defeasance Obligations to the extent the Defeasance Obligations have a change or downgrade in rating.

Cybersecurity Risks

The City relies on its information systems to provide security for processing, transmission and storage of confidential and other credit information. It is possible that the City's security measures will not prevent improper or unauthorized access or disclosure of personally identifiable information resulting from cyber-attacks. Security breaches, including electronic break-ins, computer viruses, attacks by hackers and similar breaches can create disruptions or shutdowns of the City and the services it provides, including services provided by the City's utilities systems and other services, or the unauthorized disclosure of confidential and other credit information. If personal or otherwise protected information is improperly accessed, tampered with or distributed, the City may incur significant costs to remediate possible injury to the affected persons, and the City may be subject to sanctions and civil penalties if it is found to be in violation of federal or state laws or regulations. Any failure to maintain proper functionality and security of information systems could interrupt the City's operations, delay receipt of revenues, damage its reputation, subject it to liability claims or regulatory penalties and could have a material adverse effect on its operations, financial condition and results of operations.

The Hancock Amendment

An amendment to the Missouri Constitution limiting taxation and government spending was approved by Missouri voters on November 4, 1980. This amendment limits the ability of the City to impose new or

increased taxes to provide funding for the payment of the Series 2020 Certificates, or other governmental purposes of the City, without voter approval. The amendment (commonly 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. The tax rate ceiling, determined annually, is the rate of levy which, when charged against the newly assessed valuation of the City for the current year, excluding new construction and improvements, will produce an amount of tax revenues equal to tax revenues for the previous year increased by 5% or the Consumer Price Index, whichever is lower. The 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 decisions of the Missouri Supreme Court have indicated that it does not apply to traditionally set user 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.

In 2008, through the enactment of Senate Bill 711 (“SB 711”), the Missouri General Assembly approved further limitations on the amount of property taxes that can be imposed by a political subdivision such as the City. Prior to the enactment of SB 711, a Hancock rollback would not necessarily result in a reduction of the City’s property tax levy if its current tax levy was less than its current tax levy ceiling, due to the City’s voluntary rollback from the maximum authorized tax levy. The property tax levy is the levy actually imposed by a political subdivision while the tax rate ceiling is the maximum levy the political subdivision may impose under the provisions of the Hancock Amendment. Under SB 711, in reassessment years (odd-numbered years), the Hancock rollback is applied to a political subdivision’s actual property tax levy, regardless of whether that levy is at the political subdivision’s tax levy ceiling. This further reduction is sometimes referred to as an “SB 711 rollback.” In non-reassessment years (even-numbered years), the property tax levy may be increased to the political subdivision’s tax levy ceiling (as adjusted by the Hancock rollback), only after a public hearing and adoption of a resolution or policy statement justifying the action.

Potential Impacts Resulting from Coronavirus (COVID-19)

A novel strain of coronavirus (which leads to the disease known as “**COVID-19**”), has recently spread throughout the world and has been characterized by the World Health Organization as a pandemic. The impact of the COVID-19 pandemic on the U.S. economy is broad based and has and is continuing to negatively impact national, state and local economies. In response to such expectations, President Trump on March 13, 2020, declared a “national emergency,” which, among other effects, allows the executive branch to disburse disaster relief funds to address the COVID-19 pandemic and related economic dislocation. On March 13, 2020, the Governor of the State of Missouri (the “**State**”) signed an Executive Order declaring a state of emergency in the State in response to COVID-19. On April 24, 2020, the Governor signed another Executive Order extending the state of emergency in the State through June 15, 2020. On June 11, 2020, the Governor signed another Executive Order extending the state of emergency in the State through December 30, 2020. The stated purpose of the Executive Order is to allow more flexibility in utilizing resources and deploying them around the State where they are most appropriate, including allowing the Governor to waive certain State laws and regulations where necessary. On April 3, 2020, the Governor of the State issued a statewide “Stay Home Missouri” order for all State residents (the “**State Order**”), which began on April 6, 2020, and ended on May 3, 2020. The State Order required all State residents to avoid leaving their residences unless necessary and to practice social distancing when they need to travel outside their residences to work, access groceries, prescriptions, health care, and other necessities, or to engage in an outdoor activity. To slow the spread of the virus, the Governor also announced on April 9, 2020, that all school districts across the State must discontinue in-person classes for the remainder of the 2019-2020 school year. Numerous municipalities and counties previously enacted their own “shelter-in-place” orders, consistent with the State Order, which require residents in these areas to limit non-essential travel and also require many businesses in these areas that are deemed to provide “non-essential” goods and services to close through at least May 3, 2020, as required by the State Order.

After the State Order was lifted, the State instituted Phase 1 of its “Show Me Strong Recovery Plan” (the “**Reopening Plan**”), which began on May 4, 2020, and expired on May 31, 2020. Phase 1 of the Reopening Plan permitted individuals to travel outside of their residence for any purpose, released restrictions on the number of people allowed at social gatherings, but still maintained the individual social distancing recommendations, and permitted all businesses within the State to reopen, with certain businesses, such as retail establishments, required to maintain limited occupancy.

The proliferation of COVID-19 throughout the City and the surrounding region may adversely impact the amount of property tax and sales tax revenues available to fund the City’s general operations and may also negatively impact the amount of utility revenues generated by the City if the economic ramifications of the spread of COVID-19 have a lasting impact on the economy in and around the City. In addition, the Governor has ordered the suspension of disconnection of utility services for those unable to pay during the COVID-19 outbreak. Developments regarding COVID-19 continue to occur on a daily basis and the extent to which COVID-19 will impact the operations of the City and collections of sales tax is highly uncertain and cannot be predicted. The Series 2020 Certificates do not constitute a general obligation of the City and do not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Series 2020 Certificates or the interest thereon. See the section captioned “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 CERTIFICATES**” in this Official Statement.

To date, the City has not experienced any significant negative financial results due to COVID-19 or the governmental response to COVID-19. Sales taxes collections have actually increased in 2020 compared to the first eight months of 2019 (see “**INTRODUCTION – Plan of Finance**”). Additionally, the City has not encountered significant reductions in utility billings or payments. It is impossible to predict whether these conditions will continue if a resurgence of COVID-19 causes additional State or local restrictions on economic activities. The City has incurred expenses in converting certain facilities to accommodate social distancing. Pulaski County, in which the City is located, received \$6,171,851 in funding under the federal Coronavirus Aid, Relief, and Economic Security Act or “CARES Act,” which money, by law, is to be spent on necessary expenditures incurred due to the COVID-19 public health emergency. The City has submitted applications to Pulaski County to receive approximately \$181,000 in distributions of such funds, as reimbursement for expenditures made by the City. So far, the City has received \$108,431 from Pulaski County in distributions from CARES Act funds.

PLAN OF FINANCING

The City

The City was incorporated in 1951. It is a quiet community in the Ozark region of south-central Missouri surrounded by scenic mountain forests, beautiful streams and a multitude of native wildlife. The City covers approximately 7.8 square miles and is located on Interstate Highway 44, approximately 85 miles northeast of Springfield, Missouri and 130 miles southwest of St. Louis, Missouri, in the center of Pulaski County. According to the United States Census Bureau American Community Survey 5-year estimates for 2019, the City had 6,275 citizens, a 44.5% increase over the 2010 Census population of 4,340 citizens, and a 127% increase over the 2000 Census population of 2,760.

The City is located near the Fort Leonard Wood military base, which was established in 1940 as a basic training center and is now home to the U.S. Army Maneuver Support Center of Excellence, the U.S. Army Engineer School, the Military Police School and the Chemical, Biological, Radiological and Nuclear school. Fort Leonard Wood, together with federal and contract employers operating out of Fort Leonard Wood, employs over 25,000 civilians and military personnel and over 80,000 service members are being trained annually at Fort Leonard Wood. In August of 2019, a \$295,000,000 design-build contract was awarded to the Kansas City, Missouri-based firm JE Dunn Construction to construct a new hospital facility at Fort Leonard Wood. Facilities to be constructed include a 235,400 square-foot hospital, a 193,300 square-foot clinic, a central utility plant, emergency back-up generators, a five-bay ambulance garage, a helipad and supporting facilities. Construction on the project began in late-June 2020.

Refunding of the Refunded Certificates

Proceeds of the Series 2020 Certificates, together with certain other funds available to the City, will be used to current refund the Series 2015 Certificates, outstanding in the principal amount of \$3,385,000. The Refunded Certificates will be prepaid at a prepayment price of 100% of the principal amount so prepaid, plus the interest accrued on the outstanding principal amount to the prepayment date, in accordance with the Indenture. The amount of \$_____ will be deposited in an Escrow Fund established under an escrow letter of instructions (the “**Escrow Letter**”), from the City to the Trustee, as Escrow Agent (the “**Escrow Agent**”). Such moneys deposited with the Escrow Agent will be used to pay the principal of, premium, and interest on the Refunded Certificates when called for prepayment. After the issuance of the Series 2020 Certificates and the deposit of the funds described in this paragraph with the Escrow Agent pursuant to the Escrow Letter, the holders of the Refunded Certificates are given a lien on, and the principal of, premium, and interest on the Refunded Certificates will be payable from, the moneys held in the Escrow Fund which will be used to pay the principal of, premium and interest on the Refunded Certificates when called for prepayment. Under the Escrow Letter, the money held by the Escrow Agent is pledged for such purposes and no other.

Sources and Uses of Funds

The following table itemizes the estimated sources of funds, including the proceeds from the sale of the Series 2020 Certificates and how such funds are expected to be used:

Sources of Funds:

Par amount of the Series 2020 Certificates.....	\$
Net original issue [premium / discount].....	
Transfer from prior issue funds	
Total.....	<u>\$</u>

Uses of Funds:

Escrow deposit for Refunded Certificates	\$
Costs of issuance ⁽¹⁾	
Total.....	<u>\$</u>

⁽¹⁾ Includes the Underwriter’s discount and premiums for bond insurance and debt service reserve insurance policies.

The Leased Property

The Leased Property securing the Certificates consists of the Municipal Center, the Aquatic Center, the Public Works Buildings, the Municipal Golf Course and the Series 2011 Project. For a detailed description of the Leased Property, see the caption above entitled “**SECURITY FOR THE CERTIFICATES – The Leased Property.**”

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Estimated Value of Leased Property

	<u>Value of Improvements</u> ^(1,2)	<u>Estimated Land Value</u> ⁽²⁾	<u>Estimated Total Value</u>
Municipal Center	\$7,364,844	\$1,417,500	\$8,782,344
Aquatic Center	3,614,843	1,638,000	5,252,843
Public Works Buildings	627,000	189,045	816,045
Municipal Golf Course	229,275	913,455	1,142,730
Series 2011 Project	<u>3,657,516</u>	<u>N/A</u>	<u>3,657,516</u>
Total	<u>\$15,493,478</u>	<u>\$4,158,000</u>	<u>\$19,651,478</u>

⁽¹⁾ The values for shown for improvements in this column are based on insured value for casualty insurance purposes, with the exception of the values shown for the Series 2011 Project, which are based on the cost of acquisition and installation.

⁽²⁾ Estimates provided by the City.

Certificates Outstanding Under the Indenture

	<u>Amount Outstanding</u>
Series 2017 Certificates	\$2,760,000
Series 2020 Certificates [†]	<u>2,845,000</u> *
Total	<u>\$5,605,000</u> *

* Preliminary, subject to change.

[†] The Series 2020 Certificates, currently in the process of issuance, will refund the Series 2015 Certificates, leaving the Series 2017 Certificates and the Series 2020 Certificates outstanding under the Indenture.

Outstanding Certificates and Sources of Repayment

The Series 2020 Certificates, when delivered, will rank on parity with the outstanding Series 2017 Certificates. The Series 2017 Certificates are currently outstanding in the principal amount of \$2,760,000. Also, the Indenture provides for the future delivery of Additional Certificates that, if delivered, would rank on parity with the Series 2017 Certificates, the Series 2020 Certificates and any other Additional Certificates then Outstanding under the Indenture. Shown below are the remaining yearly Base Rentals due with respect to the Series 2017 Certificates and the Series 2020 Certificates (remaining payments due for the Series 2017 Certificates shown as of November 15, 2020).

Fiscal Year	<u>Series 2017 Certificates</u>		<u>Series 2020 Certificates</u>		
End 31-Dec	<u>Principal</u>	<u>Interest</u>	<u>Principal *</u>	<u>Interest *</u>	<u>Total*</u>
2021	\$255,000	\$87,007.50	\$500,000	\$22,195.19	\$864,202.69
2022	260,000	80,052.50	455,000	20,210.00	815,262.50
2023	270,000	72,362.50	455,000	16,797.50	814,160.00
2024	280,000	63,972.50	475,000	13,157.50	832,130.00
2025	285,000	55,001.25	480,000	9,120.00	829,121.25
2026	300,000	45,270.00	480,000	4,800.00	830,070.00
2027	300,000	34,920.00	-	-	334,920.00
2028	300,000	24,270.00	-	-	324,270.00
2029	510,000	9,435.00	-	-	519,435.00
Total	\$2,760,000	\$472,291.25	\$2,845,000	\$86,280.19	\$6,163,571.44

* Preliminary, subject to change.

The City has been and expects to continue satisfy its obligation to pay Base Rentals relating to the Series 2017 Certificates as follows, based on an allocation of debt service to the various components of the Series 2011 Project: the portion attributable to street improvements from the City's street fund, specifically from proceeds of the City's ½% transportation sales tax; the portion attributable to water and sewer improvements from the City's water and sewer fund; and the portion attributable to other utility improvements from the City's general fund. These amounts are not, and cannot be, pledged to the payment of the Certificates. The City may decide to use funds from other sources to satisfy all or a portion of its obligation to pay Base Rentals.

The City intends to satisfy its obligation to pay Base Rentals relating to the Series 2020 Certificates from proceeds of its local sales taxes. Neither the sales taxes nor other funds are, or can be, pledged to the payment of the Certificates. See the caption above entitled **"INTRODUCTION – Plan of Financing"** for a table of retail sales tax collections for the City for the last five fiscal years.

FINANCIAL STATEMENTS

The City maintains its financial records on the basis of a fiscal year ending December 31. Set forth in **Appendix B** are the City's audited financial statements for the fiscal year ended December 31, 2018. The audit for the fiscal year ending December 31, 2019 has been delayed due to the inability of the City's auditor to perform onsite operations in the COVID-19 environment, but completion and approval by the Board of Aldermen are anticipated to occur by the end of October 2020.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, issuance and sale of the Series 2020 Certificates are subject to the approving legal opinion of Gilmore & Bell, P.C., Kansas City, Missouri, Special Counsel to the City.

TAX MATTERS

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the Series 2020 Certificates. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2020 Certificates as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers) and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2020 Certificates in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2020 Certificates.

Opinion of Special Counsel

In the opinion of Gilmore & Bell, P.C., Special Counsel, under the law existing as of the issue date of the Series 2020 Certificates:

Federal and Missouri Tax Exemption. The Interest Component of Base Rentals paid by the City under the Lease and distributed to the owners of the Series 2020 Certificates (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

Alternative Minimum Tax. The Interest Component is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The Series 2020 Certificates have been designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Special Counsel’s opinions are provided as of the date of the original issue of the Series 2020 Certificates, subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2020 Certificates in order that the Interest Component be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of the Interest Component in gross income for federal and State of Missouri income tax purposes retroactive to the date of issuance of the Series 2020 Certificates. Special Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2020 Certificates but has reviewed the discussion under the section herein captioned “**TAX MATTERS.**”

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount (“**OID**”) is the excess of the stated redemption price at maturity of a Series 2020 Certificate over its issue price. The issue price of a Series 2020 Certificate is the first price at which a substantial amount of the Series 2020 Certificates of that maturity have been sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). Under Section 1288 of the Code, OID on tax-exempt obligations accrues on a compound basis. The amount of OID that accrues to an owner of a Series 2020 Certificate during any accrual period generally equals (1) the issue price of that Series 2020 Certificate, plus the amount of OID accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2020 Certificate (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any Interest Component payable on that Series 2020 Certificate during that accrual period. The amount of OID accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in that Series 2020 Certificate. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.

Original Issue Premium. If a Series 2020 Certificate is issued at a price that exceeds the stated redemption price at maturity of the Series 2020 Certificate, the excess of the purchase price over the stated redemption price at maturity constitutes “premium” on that Series 2020 Certificate. Under Section 171 of the Code, the purchaser of that Series 2020 Certificate must amortize the premium over the term of the Series 2020 Certificate using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Series 2020 Certificate and the amount of tax-exempt Interest Component received will be reduced by the amount of amortizable premium properly allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2020 Certificate prior to its maturity. Even though the owner’s basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of premium.

Sale, Exchange or Retirement of Series 2020 Certificates. Upon the sale, exchange or retirement (including redemption) of a Series 2020 Certificate, an owner of the Series 2020 Certificate generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2020 Certificate (other than in respect of accrued and unpaid Interest Component) and such owner’s adjusted tax basis in the Series 2020 Certificate. To the extent a Series 2020 Certificate is held as a capital asset, such gain or loss will be capital

gain or loss and will be long-term capital gain or loss if the Series 2020 Certificate has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of Principal Component, Interest Component and prepayment premium paid on the Series 2020 Certificates, and to the proceeds paid on the sale of the Series 2020 Certificates, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2020 Certificates should be aware that ownership of the Series 2020 Certificates may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2020 Certificates. Special Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2020 Certificates should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2020 Certificates, including the possible application of state, local, foreign and other tax laws.

ABSENCE OF LITIGATION

There is not now pending or, to the City's knowledge, threatened, any litigation seeking to restrain or enjoin or in any way limit the approval or the delivery of this Official Statement or the Series 2020 Certificates or the proceedings or authority under which they are to be delivered. There is no litigation pending or, to the City's knowledge, threatened which in any manner challenges or threatens the City's powers to enter into or carry out the transactions contemplated by the Indenture, the Lease, the Ground Lease and this Official Statement, or which would materially and adversely affect the financial condition of the City.

UNDERWRITING

The Series 2020 Certificates are being purchased for reoffering by McLiney And Company, a division of SAMCO Capital Markets, Inc., Mission, Kansas (the "**Underwriter**"). The Underwriter has agreed to purchase the Series 2020 Certificates at an aggregate purchase price of \$_____ (the principal amount of the Series 2020 Certificates less an underwriter's discount of \$_____ [plus/ less] a net original issue [premium/discount] of \$_____), without accrued interest. The Underwriter is purchasing the Series 2020 Certificates for resale in the normal course of the Underwriter's business activities. The Underwriter reserves the right to offer any of the Series 2020 Certificates to one or more purchasers on such terms and conditions and at such price or prices as the Underwriter shall determine.

CONTINUING DISCLOSURE

The City is executing a Continuing Disclosure Certificate for the benefit of the owners and Beneficial Owners of the Series 2020 Certificates in order to comply with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). The City is the only "obligated person" with responsibility for continuing disclosure.

Pursuant to the Continuing Disclosure Certificate, the City will, not later than the next **June 30** after the end of each fiscal year of the City (or 180 days after the end of the City's fiscal year if the City's fiscal year ends on a date other than December 31) provide to the Municipal Securities Rulemaking Board (the "MSRB") the following financial information and operating data (the "Annual Report"):

- (1) The audited financial statements of the City for the prior fiscal year prepared in accordance with accounting principles generally accepted in the United States of America. If audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in this Official Statement, and the audited financial statements will be filed in the same manner as the Annual Report promptly after they become available. The audited financial statements of the City are currently prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. If the City changes the format of its financial statements, (1) notice of such change shall be given in the same manner as for a Material Event, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.
- (2) Updates as of the end of the fiscal year of the financial information and operating data contained in *Appendix A* of this Official Statement under the following sections:

CITY DEBT STRUCTURE

Current Long Term Indebtedness

FINANCIAL INFORMATION CONCERNING THE CITY

Sources of Revenue

Retail Sales Taxes (table only)

PROPERTY TAXES

Assessed Valuation - *History of Property Valuation*

Tax Rates (table only)

Tax Collections

Pursuant to the Continuing Disclosure Certificate, the City also will file notice with the MSRB of the occurrence of any of the following events with respect to the Series 2020 Certificates, no later than 10 business days after the occurrence of such event ("Material Events"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (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; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2020 Certificates, or other material events affecting the tax status of the Series 2020 Certificates;
- (7) modifications to rights of certificate holders, if material;
- (8) certificate calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Series 2020 Certificates, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the City;
- (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into

- a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material; and
 - (15) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
 - (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; provided however, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Notwithstanding any other provision of the Continuing Disclosure Certificate, the City may amend the Continuing Disclosure Certificate and any provision of the Continuing Disclosure Certificate may be waived, provided Special Counsel or other counsel experienced in federal securities law matters provides 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 Certificate.

In the event of a failure of the City to comply with any provision of the Continuing Disclosure Certificate, the Underwriter or any owner or Beneficial Owner of the Series 2020 Certificates may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Certificate. A default under the Continuing Disclosure Certificate will not be deemed an event of default under the Lease Agreement, the Declaration of Trust or the Series 2020 Certificates, and the sole remedy under the Continuing Disclosure Certificate in the event of any failure of the City to comply with the Continuing Disclosure Certificate will be an action to compel performance.

The City has engaged in undertakings similar to the Continuing Disclosure Certificate with respect to certain prior obligations of the City, to provide to the national information repositories (presently, only the MSRB) the City’s audited financial statements and certain operating data. The City’s filing history for the last five years is shown below:

Fiscal Year Ended	Annual Report Due Date	Draft Audit Filed	Audit Filed	Operating Data Filed
December 31, 2019	June 28, 2020	October 12, 2020	Not yet filed	June 28, 2020
December 31, 2018	June 29, 2019	June 28, 2019	August 6, 2019	June 28, 2019
December 31, 2017	June 29, 2018	June 29, 2018	July 31, 2018	June 29, 2018
December 31, 2016	June 29, 2017	Not applicable	June 28, 2017	June 28, 2017
December 31, 2015	June 28, 2016	June 30, 2016	July 21, 2016	June 30, 2016

The City has not yet filed its audited financial statements for the fiscal year ending December 31, 2019, but intends to do so immediately after they are completed by its auditor and approved by the Board of Aldermen. The audit has been delayed due to the inability of the City’s auditor to perform onsite operations in the COVID-19 environment, but completion and filing are anticipated to occur by the end of October 2020. The City has at times failed to file or has not timely filed notices of certain material events related to rating changes of bonds and other obligations of the City and notices of failure to file annual reports. In order to promote compliance with the City’s obligations under the Continuing Disclosure Certificate and the City’s prior undertakings with respect to the content of Annual Reports, the City engaged the law firm of Gilmore & Bell, P.C. to provide filing reminders and to assist the City in determining the required content of the Annual Reports and in submitting such Annual Reports to the MSRB via EMMA.

Electronic Municipal Market Access System (EMMA)

All Annual Reports and notices of Material Events required to be filed by the City or the Dissemination Agent pursuant to the Continuing Disclosure Certificate must be submitted to the MSRB through the MSRB's Electronic Municipal Market Access system ("EMMA"). EMMA is an internet-based, online portal for free investor access to municipal bond information, including offering documents, material event notices, real-time municipal securities trade prices and MSRB education resources, available at www.emma.msrb.org. Nothing contained on EMMA relating to the City or the Series 2020 Certificates is incorporated by reference in this Official Statement.

RATING

It is anticipated that S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, will assign the Series 2020 Certificates a rating of "AA" conditioned upon the issuance by Assured Guaranty Municipal Corp. at the time of delivery of the Series 2020 Certificates of a municipal bond insurance policy guaranteeing the scheduled payment of principal of and interest on the Series 2020 Certificates when due.

Such rating reflects only the view of such organization and an explanation of the significance of such rating may be obtained from the rating agency. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by said rating agency if, in its judgment, circumstances so warrant. Any such downward change or withdrawal of the rating may have an adverse effect on the market price and marketability of the Series 2020 Certificates.

There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency originally establishing such rating, circumstances so warrant. The Underwriter has not undertaken any responsibility to bring to the attention of the holders of the Series 2020 Certificates any proposed revision or withdrawal of the rating of the Series 2020 Certificates or to oppose any such proposed revision or withdrawal. Pursuant to the Continuing Disclosure Agreement, the City is required to bring to the attention of the holders of the Series 2020 Certificates any revision or withdrawal of the rating on the Series 2020 Certificates but has not undertaken any responsibility to oppose any such revision or withdrawal. See the section herein captioned **"CONTINUING DISCLOSURE."** Any such revision or withdrawal of the rating could have an adverse effect on the market price and marketability of the Series 2020 Certificates.

No underlying rating has been applied for from any credit rating agency with respect to the Series 2020 Certificates.

MISCELLANEOUS

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

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The form of this Official Statement and its distribution and use by the Underwriter has been approved by the City; however, the City has made no warranty or representations regarding either the accuracy or sufficiency of any material contained herein. Neither the City nor any of its officers, directors or employees, in either their official or personal capacities, has made any warranties, representations or guarantees regarding the City's financial condition or its ability to make payments required under the Lease and the Indenture.

CITY OF ST. ROBERT, MISSOURI

By: _____
Mayor

APPENDIX A

INFORMATION CONCERNING THE CITY

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APPENDIX A

THE CITY

Size and Location

Incorporated in 1951, the City of St. Robert, Missouri is a fourth-class city duly created and existing under the laws of the State of Missouri. It is a quiet community in the Ozark region of south-central Missouri surrounded by scenic mountain forests, beautiful streams and a multitude of native wildlife. The City covers approximately 7.8 square miles and is located on Interstate Highway 44, approximately 85 miles northeast of Springfield, Missouri and 130 miles southwest of St. Louis, Missouri, in the center of Pulaski County. According to the United States Census Bureau American Community Survey 5-year estimates for 2019, the City had 6,275 citizens, a 44.5% increase over the 2010 Census population of 4,340 citizens, and a 127% increase over the 2000 Census population of 2,760.

The City is located near the Fort Leonard Wood military base, which was established in 1940 as a basic training center and is now home to the U.S. Army Maneuver Support Center of Excellence, the U.S. Army Engineer School, the Military Police School and the Chemical, Biological, Radiological and Nuclear school. Fort Leonard Wood, together with federal and contract employers operating out of Fort Leonard Wood, employs over 25,000 civilians and military personnel and over 80,000 service members are being trained annually at Fort Leonard Wood. In August of 2019, a \$295,000,000 design-build contract was awarded to the Kansas City, Missouri-based firm JE Dunn Construction to construct a new hospital facility at Fort Leonard Wood. Facilities to be constructed include a 235,400 square-foot hospital, a 193,300 square-foot clinic, a central utility plant, emergency back-up generators, a five-bay ambulance garage, a helipad and supporting facilities. Construction on the project began in late-June 2020.

Government and Organization

The City's elected officials consist of a Mayor and eight Alderman. The Mayor is elected by the voters from the City at-large. The City is divided into four wards and each ward is represented by two Aldermen elected by the voters within such ward for staggered two-year terms. The City's appointed officials consist of a City Administrator, City Attorney, City Clerk, Finance Officer, Municipal Judge, Police Chief, Assistant Police Chief and Fire Chief. Persons holding these positions are appointed by the Mayor with the approval of the Board of Aldermen.

City Officials

The current elected officials of the City are:

<u>Name</u>	<u>Position</u>
George Lauritson	Mayor
Teresa Cook	Alderman
Linda Daniels	Alderman
Susan Davidson	Alderman
Reggie Hall	Alderman
John Moore	Alderman
Michael Myers	Alderman
Walter Reese	Alderman
Todd Williams	Alderman

Anita Ivey serves as Interim City Administrator, Amy Smith serves as City Clerk, Tyce Smith serves as Interim City Attorney and Edna Givins serves as the City's Finance Officer.

Municipal Utilities and Services

The City supplies full utility services to its residents including electric, water, sewer and natural gas. Electricity is also supplied by the Laclede Electric Cooperative.

Transportation and Communication Facilities

The City is bisected by Interstate Highway 44. This location gives it the ability to capture tourist and other traffic *en route* to or returning from cities such as Springfield, Branson and St. Louis, Missouri. Fort Leonard Wood hosts the Waynesville-St. Robert Regional Airport, which provides a 6,000 foot runway and full-instrument landing support for private, corporate and commercial aircraft. Although it is located on a military base, the airport is operated jointly by the City of St. Robert and the City of Waynesville, Missouri and is open to the public. Daily flights to and from St. Louis are provided by Cape Air.

Local newspaper coverage is provided by the Fort Leonard Wood *Guidon*, a weekly newspaper published in the City of St. Robert with a free distribution of approximately 7,000, and *The Pulaski County Daily News*, an online newspaper serving communities around Fort Leonard Wood.

Educational Institutions and Facilities

The City is served by the Waynesville R-VI School District of Pulaski County, Missouri, which is accredited by the Missouri Department of Elementary and Secondary Education. The District has five elementary schools, two middle schools, one high school, a vocational-technical school, and an early childhood center, with a total enrollment of 6,162 students for the 2019-20 school year.

Drury University, Columbia College and Park University provide college classes for area residents at the Truman Education Building at Fort Leonard Wood. The Missouri University of Science and Technology and the Rolla Technical Institute are located approximately 25 miles east of the City of St. Robert.

Medical and Health Facilities

General Leonard Wood Army Community Hospital is an area trauma stabilization facility that serves civilians and military active duty personnel, military retirees and their dependents. As described herein, Fort Leonard Wood is in the process of constructing a new hospital facility on its premises. The existing hospital facility will be demolished after the new facility opens. Other hospitals in the area include Phelps County Regional Medical Center in Rolla, Missouri and Mercy Hospital Lebanon in Lebanon, Missouri. The Mercy health system operates the Mercy Clinic Family Medicine and Mercy Hospital Lebanon Therapy Services clinics in the City of St. Robert. A wider range of doctors, dentists, ophthalmologists and various specialists is available in Springfield, Missouri to the southwest and St. Louis, Missouri to the northeast.

Demographic Information

Population

The following table provides the current and historic population figures for the City and Pulaski County.

<u>Year</u>	<u>The City</u>	<u>Pulaski County</u>
1970	1,465	53,967
1980	1,735	42,011
1990	1,730	41,307
2000	2,760	41,165
2010	4,340	52,274
2019*	6,275	52,607

Source: U. S. Bureau of the Census, Census 2000 and Census 2010.

* U. S. Bureau of the Census, QuickFacts.

Population Distribution by Age

<u>Age</u>	<u>City of St. Robert</u>	<u>Pulaski County</u>	<u>State of Missouri</u>
Under 5	235	3,558	372,932
5-14 years	849	6,326	774,218
15-19 years	312	6,586	396,819
20-44 years	2,359	22,241	1,963,799
45-54 years	1,055	5,403	787,960
55-64 years	498	4,104	812,642
65 years and older	<u>459</u>	<u>4,373</u>	<u>981,692</u>
Total	<u>5,767</u>	<u>52,591</u>	<u>6,090,062</u>
Median Age	37.5	27.7	38.5

Source: U.S. Bureau of the Census, American Community Survey 5-Year Estimates 2018

Housing

The median value of owner-occupied housing units in the area of the City and related areas is as follows:

City	\$172,400
Pulaski County	151,200
State of Missouri	151,600

Source: U.S. Bureau of the Census, American Community Survey 5-Year Estimates 2018.

Income Statistics

The following table sets forth income statistics for the City, Pulaski County and the State of Missouri, according to the 2010 Census:

	<u>Income Status</u>	
	<u>Per Capita</u>	<u>Median Family</u>
City	\$24,807	\$70,514
Pulaski County	22,018	62,126
State of Missouri	29,537	67,612

Source: U.S. Bureau of the Census, American Community Survey 5-Year Estimates 2018.

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Economic Information

Commerce, Industry and Employment. Some major employers in or near the City include (these figures are historical estimates and predate the COVID-19 pandemic):

	<u>Employer</u>	<u>Product/Service</u>	<u>Number of Employees</u> ⁽¹⁾
1.	Fort Leonard Wood	Military	17,319
2.	Department of Defense	Military	3,994
3.	Federal Civilian Employees	Military Support	2,517
4.	Government Contractors	Military Support	1,237
5.	Waynesville R-VI School District	Education	700
6.	Army & Air Force Exchange	Military Supply	482
7.	Wal-Mart	Retail	397
8.	Cities of Waynesville & St. Robert	Local Government	153
9.	Piney Ridge	Adolescent Treatment Center	135
10.	Lowe's	Retail	120
11.	Ehrhardt Properties	Hotels/Lodging	117
12.	Pulaski County	Local Government	98

Source: Waynesville/St.Robert/Fort Leonard Wood Chamber of Commerce Demographic Profile 2017.

⁽¹⁾ The number of employees employed by each of the employers listed in the table above is historical and predates the COVID-19 pandemic. It is not possible to predict the negative affect the COVID-19 pandemic has had and may continue to have on these major employers, which may force these employers to take measures to decrease the number of individuals they employ at their respective locations within or near the City of St. Robert.

Labor Statistics

The following table sets forth unemployment figures for the last five years for Pulaski County and the State.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020*</u>
<i>Pulaski County</i>					
Civilian labor force	14,664	14,734	14,629	14,692	14,703
Unemployed	798	630	526	598	888
Unemployment rate	5.4%	4.3%	3.6%	4.1%	6.1%
<i>State of Missouri</i>					
Civilian labor force	3,080,850	3,061,441	3,052,386	3,083,245	3,076,797
Unemployed	140,536	115,101	97,578	101,557	204,370
Unemployment rate	4.6%	3.8%	3.2%	3.3%	6.7%

Source: Missouri Economic Research and Information Center.

* Average of January through July.

High unemployment figures for April 2020 (approximately 7.8% unemployment rate for Pulaski County and 9.8% unemployment for State) reflect the initial impact of the COVID-19 public health crisis on employment in Pulaski County and the State of Missouri, which continued to remain at those levels in May 2020 and gradually improved in June 2020 (approximately 7.1% unemployment rate for Pulaski County and 7.9% unemployment rate for the State of Missouri). Data for July 2020 (and the months following) are not currently available, but general news reports reflect gradual improvements in business prospects and employment as the State of Missouri began phased reopening in June 2020.

Housing Structures

The following table sets forth statistics regarding housing structures by type in the City according to the Missouri Census Data Center - American Community Survey Profile Report: 2014-2018 (5-year estimates):

<u>Housing type</u>	<u>Number of Units</u>	<u>Percentage of Units</u>
Single-Family	1,820	55%
Mobile Home	325	10
Multi-Family	1,168	35

Source: Missouri Census Data Center - American Community Survey Profile Report: 2014-2018 (5-year estimates).

The median value of owner occupied housing units in the City and related areas was, according to the Missouri Census Data Center - American Community Survey Profile Report: 2014-2018 (5-year estimates), as follows:

	<u>Median Value</u>
City of St. Robert	\$172,400
Pulaski County	151,200
State of Missouri	151,600

Source: U.S. Bureau of the Census, American Community Survey 5-Year Estimates 2018

Building Construction

The following table indicates the number of building permits issued within the City over a five-year period. These numbers reflect permits issued either for new construction or for major renovation as of the end of each of the following calendar years.

	<u>2015 Permits Issued</u>	<u>2016 Permits Issued</u>	<u>2017 Permits Issued</u>	<u>2018 Permits Issued</u>	<u>2019 Permits Issued</u>
Residential	36	29	33	2	36
New Commercial Bldg.	7	2	0	0	7
Other Commercial	55	62	98	88	100

Source: City Planning and Development Department.

Employee Relations

The City employs 95 employees, none of whom are covered by a wage and work agreement between the City and any collective bargaining unit, with the exception of 12 employees of the fire department.

Employee Retirement and Pension Plan

The City participates in the Missouri Local Government Employees' Retirement System ("LAGERS"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS was created and is governed by state statute, and is a defined-benefit pension plan that provides retirement, disability and death benefits. The plan is qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended, and is tax-exempt. LAGERS is governed by a seven-member Board of Trustees ("LAGERS' Board") consisting of

three trustees elected by participating employees, three trustees elected by participating employers and one trustee appointed by the Missouri Governor.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. The LAGERS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019 (the “2019 LAGERS CAFR”) is available at <http://www.molagers.org/financial.html>. The link to the 2019 LAGERS CAFR is provided for general background information only, and the information in the 2019 LAGERS CAFR is not incorporated by reference into this Official Statement. The 2019 LAGERS CAFR provides detailed information about LAGERS, including its financial position, investment policy and performance information, actuarial information and assumptions affecting plan design and policies, and certain statistical information about the plan.

For information specific to the City’s participation in LAGERS, including the City’s past contributions, net pension liability and related sensitivities, and pension expense, see “NOTE L – EMPLOYEE PENSION PLAN” in “APPENDIX B – INDEPENDENT AUDITOR’S REPORT AND THE CITY’S AUDITED FINANCIAL STATEMENTS”. For additional information regarding LAGERS, see the 2019 LAGERS CAFR.

CITY DEBT STRUCTURE

Authority to Incur Debt

Article VI, Sections 26(b) and (c) of the Constitution of the State of Missouri limit the net outstanding amount of authorized general obligation indebtedness for a city to 10 percent of the assessed valuation of the city by a two-thirds (four-sevenths at certain elections) vote of the qualified voters. Article VI, Section 26(d) provides that a city may, by a two-thirds (four-sevenths at certain elections) vote of the qualified voters, incur indebtedness in an amount not to exceed an additional 10 percent for the purpose of acquiring rights-of-way, construction, extending and improving streets and avenues, and sanitary or storm sewer systems, provided the total general obligation indebtedness of a city does not exceed 20 percent of the assessed valuation. Article VI, Section 26(e) provides that a city may, by a two-thirds (four-sevenths at certain elections) vote of the qualified voters, incur indebtedness in an amount not exceeding an additional 10 percent for the purpose of purchasing or constructing waterworks, electric or other light plants to be owned exclusively by the city, provided that the total general obligation indebtedness of a city does not exceed 20 percent of the assessed valuation. The legal debt limit of the City effective as of September 2020 (based on the 2020 assessed valuation) is \$20,808,669. The City currently has no debt outstanding that is subject to the legal debt limit.

Overlapping Indebtedness

As of September 1, 2020, there was no outstanding overlapping general obligation indebtedness.

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Financial Overview

The following table summarizes certain financial information concerning the City as of September 1, 2020 (except as otherwise designated). This information should be reviewed in conjunction with the information contained in this section and, in particular, with the subsection entitled “Financial Information Concerning the City” and the financial statements of the City in *Appendix B* hereto.

2020 Assessed Valuation ¹	\$104,043,347
2020 Estimated Actual Valuation	\$421,028,827
Population (approximate 2019)	6,275
Outstanding General Obligation Debt ²	\$-0-
Overlapping General Obligation Debt ³	\$-0-
Direct and Overlapping General Obligation Debt	\$-0-
Ratio of General Obligation Debt to Assessed Valuation	0.00%
Ratio of General Obligation Debt to Estimated Actual Valuation	0.00%
Per Capita General Obligation Debt	\$-0-
Ratio of Direct, Overlapping and Underlying General Obligation Debt to Assessed Valuation	0.00%
Ratio of Direct, Overlapping and Underlying General Obligation Debt to Estimated Actual Valuation	0.00%
Per Capita Direct, Overlapping and Underlying General Obligation Debt	\$0.00

¹ Includes 2020 real and personal property and state assessed utility valuations. For further details see “PROPERTY TAX - Property Valuations.”

² For further details, see “CITY DEBT STRUCTURE - Current Long-Term Indebtedness.”

³ For further details, see “CITY DEBT STRUCTURE - Overlapping Indebtedness.”

Current Long-Term Indebtedness

General Obligation Bonds. The City currently has no general obligation debt.

Revenue Bonds. As of September 1, 2020, the City had one series of Combined Waterworks and Sewerage System Revenue Bonds outstanding, the Series 2017 Bonds.

TIF Obligations. The City has no Tax Increment Financing Bonds outstanding.

Certificates of Participation. The City has three series of Certificates of Participation outstanding, including the Series 2010 Certificates, the Series 2015 Certificates and the Series 2017 Certificates. The outstanding Series 2015 Certificates will be refunded by the Series 2020 Certificates.

Lease Financings. The City has entered several lease purchase agreements, including one with the Missouri Association of Municipal Utilities Lease Financing Program (“MAMU”), which remain outstanding.

Details for these obligations may be found in Note F to the City’s Financial Statements in “APPENDIX B – INDEPENDENT AUDITOR’S REPORT AND THE CITY’S AUDITED FINANCIAL STATEMENTS.”

Additionally, during 2019, the City entered into a \$1,046,163 lease purchase agreement with PNC Equipment Finance, LLC to finance the purchase of a new 2020 Pierce Impel 107’ Ascendant Ladder Fire Truck and the City is in the process of negotiating a lease purchase agreement for the acquisition of a 2021 pumper fire truck in the approximate principal amount of \$550,000.

The following table summarizes the outstanding long-term indebtedness of the City as of December 31, 2019:

<u>Type of Obligation</u>	<u>Amount Outstanding</u>
MAMU Lease	\$1,998,000
Certificates of Participation	8,264,408 ⁽¹⁾
Revenue Bonds	4,540,000
Capital Leases	<u>1,054,187</u>
Total	<u>\$15,856,595</u>

Source: City.

⁽¹⁾ The outstanding Series 2015 Certificates, in the aggregate principal amount of \$3,385,000, will be refunded by the Series 2020 Certificates.

Defaults on City Indebtedness

The City has never defaulted on the payment of any of its debt obligations.

FINANCIAL INFORMATION CONCERNING THE CITY

Accounting, Budgeting and Auditing Procedures

The City budget, prepared after consultation with each department, is reviewed and adopted by the Board of Aldermen. Tax rates are established by the Board of Aldermen to support the budget adopted. As required by state law, the aggregate City budget may not include any expenditures in excess of anticipated revenues. The City's fiscal year ends on December 31 of each year.

The accounts of the City are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equities, revenues and expenditures or expenses. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped by type in the City's financial statements. The City's accountant for fiscal year 2018, the last fiscal year for which audited financial statements are available, was KPM CPAs, PC.

Sources of Revenue

The City finances its general operations through the following taxes and other miscellaneous sources as indicated below for the City's General Fund for fiscal year 2019 (unaudited):

<u>Source</u>	<u>Amount</u>	<u>Percent</u>
Taxes	\$2,945,847	75.6%
Licenses, Permits and Fees	71,398	1.8
Intergovernmental	381,423	9.8
Charges for Services	219,102	5.6
Fines and Forfeitures	219,066	5.6
Other Revenue	<u>61,927</u>	<u>1.6</u>
	<u>\$3,898,763</u>	<u>100.0%</u>

Retail Sales Taxes

The following table shows the retail sales tax collections for the City for the last five fiscal years:

<u>Year</u>	<u>1% General</u>	<u>½% Transportation</u>	<u>½% Capital Improvements</u>	<u>¼% Parks</u>	<u>Totals</u> ⁽²⁾
2019 ⁽¹⁾	\$2,488,020	\$1,222,411	\$1,244,010	\$611,226	\$5,565,667
2018	2,369,822	1,164,024	1,184,538	581,819	5,300,203
2017	2,338,875	1,152,099	1,169,438	576,175	5,236,587
2016	2,321,260	1,142,384	1,160,630	571,123	5,195,397
2015	2,256,800	1,108,724	1,128,339	554,286	5,048,149

Source: City.

⁽¹⁾ Amount shown for fiscal year 2019 are unaudited.

⁽²⁾ Total sales tax collections exceed the amount shown above under "FINANCIAL INFORMATION CONCERNING THE CITY - Sources of Revenue" for tax revenues because portions of such collections are deposited into various special revenue funds of the City.

Collections of the City's 1% general sales tax from January through August of 2020 totaled \$1,679,635 (unaudited), which is an increase of 2.3% over January through August of 2019, and an increase of 7.4% over January through August of 2018.

The voters of the City have approved the imposition of a use tax within the City at a rate equal to the rate of the local sales taxes in effect in the City. The use tax is the equivalent of a sales tax on purchases made from out-of-state sellers by in-state buyers. Collections of the use tax are anticipated to begin in October of 2020.

Tax Increment Financing

The City has designated tax increment financing redevelopment areas within the City and authorized tax increment financing within those redevelopment areas to reimburse redevelopment project costs to assist in certain developments. These costs are payable solely from moneys on deposit in a "special allocation fund". The moneys deposited into the special allocation fund may consist of (a) certain payments in lieu of taxes, attributable to the increase in assessed valuation of the real property within the redevelopment areas as a result of development, and (b) fifty percent of the total additional revenue from taxes (including the sales taxes of the City but excluding certain other taxes) of local taxing districts which are generated by economic activities within the redevelopment areas over the amount of such taxes generated by economic activities within the year in the calendar year in which the redevelopment areas were designated. As a result, the payments in lieu of taxes attributable to the increase in assessed valuation of the real property within the redevelopment areas and up to fifty percent (50%) of the additional revenues generated by the sales taxes within such redevelopment areas over the amount so generated in the year in which such redevelopment areas were designated may not be available to the City but instead might be deposited into the special allocation fund and used to pay redevelopment project costs related to the development. The City does not expect that the amount of such payments in lieu of taxes or sales taxes paid into special allocation funds from these projects will materially affect its ability to pay the Series 2020 Certificates.

PROPERTY TAX

Property Assessment

Levy and Collection of Property Taxes. The City's property tax is levied each September 1 on the assessed value as of the prior January 1 for all real property located within the City. In connection with the authorization of the City's ¼ cent parks sales tax, collection of which began January 1, 2010, the City has discontinued its property tax levy with respect to personal property. Property taxes are billed in total by the county collector by November 1 and considered delinquent on January 1. Interest is assessed on late payments of property taxes at the rate of two percent per month up to a maximum of eighteen percent per year. All lands and lots on which taxes are delinquent and unpaid are subject to sale at public auction in August of each year.

Assessed values of real and personal property are established by the Pulaski County Assessor, subject to review by the County's Board of Equalization. The Missouri Revised Statutes require property to be assessed at the following percentages of true value: personal property-33 1/3%; commercial real estate-32%; residential real estate-19%; and agricultural real estate-12%. Reappraisal is required in every odd numbered year by state law.

Assessed Valuation

Current Assessed Valuation

The following table shows the total assessed valuation, by category, of all taxable tangible property situated in the City according to the **2020** assessment:

	<u>Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Actual Valuation</u>
Real Estate:			
Residential	\$45,525,052	19%	\$239,605,537
Commercial	45,865,387	32	143,329,334
Agricultural	<u>25,356</u>	12	<u>211,300</u>
Sub-Total	91,415,795		383,146,171
Personal Property	<u>12,627,552</u>	33 1/3% ⁽¹⁾	<u>37,882,656</u>
Total	<u>\$104,043,347</u>		<u>\$421,028,827</u>

*Assumes all personal property is assessed at 33 1/3%; because certain subclasses of tangible personal property are assessed at less than 33 1/3%, the estimated actual valuation for personal property would likely be greater than that shown above. See "Property Assessment" discussed above.

History of Property Valuation

The following table shows the assessed valuation of the City as of January 1 for the last five years.

<u>Year</u>	<u>Assessed Valuation</u>	<u>Percent Change</u>
2020	\$104,043,347	1.58%
2019	102,428,848	6.46
2018	96,215,974	5.64
2017	91,075,263	2.28
2016	89,046,050	1.09

Tax Rates

Debt Service Levy. Currently there is no debt service levy against the City's assessed valuation. Once indebtedness has been approved by the constitutionally required percentage of the voters voting therefor and bonds are issued, the City is required under Article VI, Section 26(f) of the Missouri Constitution to levy an annual tax on all taxable tangible property therein sufficient to pay the interest and principal of the indebtedness as they fall due and to retire the same within 20 years from the date of issue. The Board of Aldermen may set the tax rate for debt service, without limitation as to rate or amount, at the level required to make such payments.

Operating Levy. The current general fund levy of the City is \$0.3396 per \$100 of assessed valuation. The operating levy (consisting of all ad valorem taxes levied except the debt service levy) cannot exceed the "tax rate ceiling" for the current year without voter approval. The tax rate ceiling, determined annually, is the rate of levy which, when charged against the newly assessed valuation of the City for the current year, excluding new construction and improvements, will produce an amount of tax revenues equal to tax revenues for the previous year increased by 5% or the Consumer Price Index, whichever is lower. Without the required percentage of voter approval, the tax rate ceiling cannot at any time exceed the greater of the tax rate in effect in 1980 or the most recent voter-approved tax rate. The tax levy for debt service on the City's general obligation bonds is exempt from the calculations of and limitations upon the tax rate ceiling. Under Article X, Section 11(c) of the Missouri Constitution, any increase in the City's general fund operating levy above \$1.00 must be approved by two-thirds of the voters voting on the proposition. The current tax rate ceiling for the general fund is \$0.3396 per \$100 of assessed valuation.

In 2008, through the enactment of Senate Bill 711 ("**SB 711**"), the Missouri General Assembly approved further limitations on the amount of property taxes that can be imposed by a local governmental unit. Prior to the enactment of SB 711, a Hancock rollback would not necessarily result in a reduction of a city's *actual* operating tax levy if its current tax levy was less than its current tax levy *ceiling*, due to the city's voluntary rollback from the maximum authorized tax levy. Under SB 711, in reassessment years (odd-numbered years), the Hancock rollback is applied to a city's *actual* operating tax levy, regardless of whether that levy is at the city's tax levy *ceiling*. This further reduction is sometimes referred to as an "**SB 711 rollback.**" In non-reassessment years (even-numbered years), the operating levy may be increased to the city's tax levy ceiling (as adjusted by the Hancock rollback), only after a public hearing and adoption of a resolution or policy statement justifying the action.

In connection with the authorization of the City's $\frac{1}{4}$ cent parks sales tax, the City has discontinued its property tax levy with respect to personal property, effective as of January 1, 2010.

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

<u>Fiscal</u> <u>Year Ended</u>	<u>General</u> <u>Fund</u>
2019	\$0.3589
2018	0.3593
2017	0.3593
2016	0.3593
2015	0.3510

Tax Collections

The following table shows collections for property taxes levied by the City and collected for the City for the last five fiscal years.

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total Taxes Levied	\$275,163	\$284,808	\$288,059	\$304,897	\$323,989
Total Tax Collections	252,517	267,358	262,240	287,129	294,308
% of Total Tax Collections to Tax Levy ⁽²⁾	92%	94%	91%	94%	91%

Source: City of St. Robert Finance Department.

⁽¹⁾ As explained above in "Property Tax Levies and Collections," tax bills are sent out in November and become delinquent on December 31. Although some taxes are actually received before December 31, most tax revenues are not collected by the City until the next year, sometimes resulting in a low percentage of collection compared to taxes levied within a particular fiscal year.

Major Taxpayers

The following is a list of the ten largest real property taxpayers in the City for the 2020 tax year.

<u>Tax Payer</u>	<u>Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Wal-Mart Real Estate Busn Trust	Retail	\$2,874,121	2.59%
Liberty Park Apartments LLC	Property Management	2,699,577	2.17
Lowe's Home Centers, Inc.	Retail	2,252,610	1.13
E Bell Properties LLC	Hotels	1,171,067	1.01
Sonic Boys & US LLC	Real Estate	1,054,592	0.93
Ehrhardts Lebanon, LLC	Hotels	967,378	0.94
St. Roberts Apartments LP	Property Management	982,069	0.86
Siraff Inc	Hotels	895,002	0.84
PLN Hotel LLC	Hotels	873,472	0.78
St. Johns Health System INC	Health System	810,576	0.78

Source: Pulaski County Assessor's Office.

APPENDIX B

INDEPENDENT AUDITOR'S REPORT

AND

THE CITY'S AUDITED FINANCIAL STATEMENTS

City of St. Robert, Missouri

BASIC FINANCIAL STATEMENTS Year Ended December 31, 2018



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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen
City of St. Robert
St. Robert, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the discretely presented component units of the City of St. Robert, Missouri, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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Member of The Leading Edge Alliance

Honorable Mayor and Board of Aldermen
City of St. Robert
St. Robert, Missouri

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the discretely presented component units of the City of St. Robert, Missouri, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison schedules and schedule of funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2019, on our consideration of the City of St. Robert, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of St. Robert, Missouri's internal control over financial reporting and compliance.



KPM CPAs, PC
Springfield, Missouri
July 26, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF ST. ROBERT, MISSOURI
December 31, 2018

The management's discussion and analysis of the City of St. Robert's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2018. Please read it in conjunction with the City's financial statements, which begin on page 14.

Financial Highlights

- The net position of the City's governmental activities increased by \$863,723 for the year as a result of current year activities. The net position of the City's business-type activities increased by \$1,364,678 for the year.
- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of December 31, 2018, by \$31.0 million (net position).
- Total long-term liabilities of the City decreased by \$1,851,315 for the year ended December 31, 2018.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Government-Wide Financial Statements

One of the most important questions asked about the City's finances is, *Is the City as a whole better off or worse off as a result of the year's activities?* The Statement of Net Position and Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, liabilities and deferred inflows/outflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes in them. The City's net position – the difference between assets and deferred outflows and liabilities and deferred inflows – is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are indicators of whether its financial health is improving or deteriorating.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF ST. ROBERT, MISSOURI
December 31, 2018

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here. Taxes are the primary source of financing for these activities.
- **Business-Type Activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, sewer, electric, gas, and solid waste transfer station services are provided here.
- **Component Units** – the City has two component units which are the Liberty Commons Community Improvement District and the Industrial Development Authority, whose activities are presented in the government-wide financial statements.

Fund Financial Statements

The fund financial statements provide detailed information about the City's funds and not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the Board of Aldermen establishes many other funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes and grants.

- **Governmental Funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds are shown in a reconciliation following the fund financial statement.
- **Enterprise Funds** – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Enterprise funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

Notes to the Basic Financial Statements

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF ST. ROBERT, MISSOURI
December 31, 2018

Government-Wide Financial Analysis

NET POSITION

The following table presents the condensed Statement of Net Position for the City as of December 31, 2018 and 2017:

	Governmental Activities	Business-Type Activities	Total December 31, 2018	Total December 31, 2017
Current and other assets	\$ 4,128,290	\$ 8,826,953	\$ 12,955,243	\$ 13,388,424
Capital assets	20,837,009	16,836,484	37,673,493	36,067,895
TOTAL ASSETS	24,965,299	25,663,437	50,628,736	49,456,319
Deferred pension outflows	253,108	150,119	403,227	559,527
DEFERRED OUTFLOWS OF RESOURCES	253,108	150,119	403,227	559,527
Other liabilities	1,763,227	2,218,998	3,982,225	3,541,804
Long-term liabilities outstanding	6,808,583	8,174,178	14,982,761	16,834,076
TOTAL LIABILITIES	8,571,810	10,393,176	18,964,986	20,375,880
Deferred pension inflows	754,100	305,000	1,059,100	860,490
DEFERRED INFLOWS OF RESOURCES	754,100	305,000	1,059,100	860,490
Net position:				
Net investment in capital assets	13,337,534	8,738,083	22,075,617	20,772,903
Restricted	1,315,361	831,499	2,146,860	2,535,638
Unrestricted	1,239,602	5,545,798	6,785,400	5,470,935
TOTAL NET POSITION	\$ 15,892,497	\$ 15,115,380	\$ 31,007,877	\$ 28,779,476

Total net position of the City increased by \$2,228,401 for the year due to current year activity. Total liabilities for the City have increased by \$1,410,894. Restricted net position of the City totaled \$2,146,860 as of December 31, 2018. This amount represents monies that are restricted for debt service and capital projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF ST. ROBERT, MISSOURI
December 31, 2018

CHANGES IN NET POSITION

	Governmental Activities	Business-Type Activities	Total Year Ended December 31, 2018	Total Year Ended December 31, 2017
REVENUES, TRANSFERS, AND SPECIAL ITEM				
Program Revenues				
Charges for services	\$ 745,462	\$ 12,054,400	\$ 12,799,862	\$ 11,810,127
Operating grants and contributions	136,890	3,500	140,390	518,025
Capital grants and contributions	4,614	-	4,614	28,166
General Revenues				
Sales taxes	5,466,468	-	5,466,468	5,394,918
Ad valorem taxes	605,307	-	605,307	658,536
Motor vehicle and gas taxes	175,320	-	175,320	175,107
Other taxes	81,583	-	81,583	86,490
Franchise fees	69,343	-	69,343	95,058
Interest	66,848	85,107	151,955	90,580
Other revenue	79,340	-	79,340	252,332
Gain on sale of property	-	-	-	22,000
Transfers	729,987	(729,987)	-	-
TOTAL REVENUES, TRANSFERS, AND SPECIAL ITEM	8,161,162	11,413,020	19,574,182	19,131,339
EXPENSES				
Administrative	1,981,541	-	1,981,541	1,971,152
Fire	1,186,370	-	1,186,370	964,471
Public safety	1,576,623	-	1,576,623	1,480,180
Municipal court	119,674	-	119,674	144,538
Park	470,333	-	470,333	568,577
Information technology	186,870	-	186,870	236,195
Building code department	102,245	-	102,245	112,937
Street	1,163,885	-	1,163,885	1,299,637
Debt service	509,898	-	509,898	847,888
Electric	-	5,501,404	5,501,404	5,325,889
Water and sewer	-	1,704,068	1,704,068	1,901,280
Gas	-	827,855	827,855	742,871
Solid waste transfer station	-	2,015,015	2,015,015	1,923,729
TOTAL EXPENSES	7,297,439	10,048,342	17,345,781	17,519,344
INCREASE IN NET POSITION	\$ 863,723	\$ 1,364,678	\$ 2,228,401	\$ 1,611,995

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF ST. ROBERT, MISSOURI
December 31, 2018

Governmental Activities

Governmental activities increased the net position of the City by \$863,723. Tax revenues for the City's governmental activities were \$6,398,021, which represents 78% of the funding of these activities. Program revenues for the functions totaled \$886,966 or 11% of the funding. The following table shows the cost of the City's programs, as well as each programs' net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

**NET COST OF THE CITY OF ST. ROBERT'S
GOVERNMENTAL ACTIVITIES**

	Total Cost of Services	Net Cost of Services
Administration	\$ 1,981,541	\$ 1,542,047
Fire	1,186,370	1,113,546
Public safety	1,576,623	1,391,291
Municipal court	119,674	119,674
Park	470,333	289,351
Information technology	186,870	186,870
Building code department	102,245	93,911
Street	1,163,885	1,163,885
Debt service	509,898	509,898
	<u>\$ 7,297,439</u>	<u>\$ 6,410,473</u>

Business-Type Activities

Business-type activities increased the City's net position by \$1,364,678. The decrease incurred in the prior year was \$92,778. In the current year, the business-type activities transferred \$729,987 to the governmental funds.

Financial Analysis of the City's Funds

The combined fund balance of the City's governmental funds as of December 31, 2018, was \$2,526,464. The General Fund increased by \$139,867, the Street Fund increased by \$22,194, the Park and Pool Fund increased by \$94,410, the Capital Improvement Sales Tax Fund decreased by \$80,578, the Interstate Plaza Project Fund decreased by \$11,684 and the three TIF Debt Service Funds decreased by a combined \$406,578. If the City had not made transfers from other funds to the General Fund, the General Fund would have decreased \$1,693,633.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF ST. ROBERT, MISSOURI
December 31, 2018

General Fund Budgetary Highlights

Differences between the original and the final budget can be summarized as follows:

- The original revenue budget of \$3,406,244 was increased to \$3,726,169.
- The original expenditures budget of \$5,002,099 was increased to \$5,423,805 to cover anticipated expenditures relating to fire department and capital outlay.

Capital Asset and Debt Administration

Capital Assets

Capital assets of the governmental activities were \$20,837,009 (net of accumulated depreciation) as of December 31, 2018. This represents a \$151,884 decrease from the prior year. Capital assets for business-type activities were \$16,836,392 as of December 31, 2018. This represents an increase of \$1,757,482 from the prior year.

Debt

Total debt of the governmental activities as of December 31, 2018, was \$7,628,276, which is down from \$8,821,647 in the prior year.

Total debt of the business-type activities as of December 31, 2018, was \$9,208,973, which is down from \$9,961,580 in the prior year.

Economic Factors and Next Year's Budget

- With the closing of the year 2018, the City's sales tax base slightly increased. The year 2019 sales tax projections will remain at a conservative rate in order to allow a discretionary increase of its operating funds.
- The City continues to improve its infrastructure system as follows:
 - Streets:
 - A total of 10,708 feet of streets were repaved and 105 feet of asphalt was replaced and patched on existing City streets.
 - A total of 1,374 feet of sidewalk replacement to be ADA compliant was installed.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF ST. ROBERT, MISSOURI
December 31, 2018

Economic Factors and Next Year's Budget (continued)

- Utilities:
 - Completed various projects to extend or replace water, sewer, electric, and gas system components within the City.
- The projections for residential and commercial building growth for the year have increased, but the City will continue to plan for substantial economic growth in the years to come.
- City Management continued to review and evaluate the hiring and refilling of current filled positions in the City as they became vacant.
- The City of St. Robert will continue its effort to encourage cost saving measures in every department by monitoring and reviewing its monthly expense reports, and conducting regularly scheduled finance committee meetings.

Contacting the City's Financial Management

For additional information or questions, please contact City officials at:

City of St. Robert
194 Eastlawn Ave #A
St. Robert, Missouri 65584
(573) 451-2000
egivins@saintrobert.com

CITY OF ST. ROBERT, MISSOURI
STATEMENT OF NET POSITION
December 31, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Liberty Commons Community Improvement District	Industrial Development Authority
ASSETS					
Current					
Cash and cash equivalents - unrestricted	\$ 1,886,312	\$ 3,132,251	\$ 5,018,563	\$ 198,582	\$ -
Sales tax receivable	922,698	-	922,698	21,641	-
Ad valorem taxes receivable, net	286,972	-	286,972	-	-
Special assessment tax receivable	-	24,180	24,180	-	-
Utilities receivable, net	-	1,669,482	1,669,482	-	-
Court fines receivable, net	126,291	-	126,291	-	-
Other receivable	167,281	-	167,281	-	-
Interfund balances	(638,645)	638,645	-	-	-
Prepaid expenses	189,514	23,666	213,180	-	-
Inventory	-	874,775	874,775	-	-
Intergovernmental receivable	122,339	-	122,339	-	-
Noncurrent					
Cash and cash equivalents - restricted	421,874	2,185,772	2,607,646	-	-
Investments - restricted	-	180,783	180,783	-	-
Net pension asset	643,654	97,399	741,053	-	-
Capital Assets:					
Non-depreciable	5,432,024	4,835,147	10,267,171	-	-
Depreciable, net	15,404,985	12,001,337	27,406,322	-	806,933
TOTAL ASSETS	24,965,299	25,663,437	50,628,736	220,223	806,933
DEFERRED OUTFLOWS OF RESOURCES					
Deferred pension outflows	253,108	150,119	403,227	-	-
LIABILITIES					
Current					
Accounts payable	777,825	359,188	1,137,013	-	116,561
Retainage payable	-	222,029	222,029	-	-
Accrued expenses	108,014	52,892	160,906	-	-
Deposits payable	-	467,559	467,559	-	-
Court bonds payable	23,616	-	23,616	-	-
Arbitrage payable	-	453	453	-	-
Accrued interest payable	34,079	35,723	69,802	-	-
Deferred revenue	-	46,359	46,359	-	-
Current maturities of long-term debt	819,693	1,034,795	1,854,488	-	60,000
	1,763,227	2,218,998	3,982,225	-	176,561
Noncurrent					
Compensated absences payable	128,801	43,528	172,329	-	-
MAMU lease payable	-	1,998,000	1,998,000	-	-
Certificates of participation	6,671,758	1,592,650	8,264,408	-	-
Revenue bonds payable	-	4,540,000	4,540,000	-	-
Capital leases payable	8,024	-	8,024	-	-
Loan payable	-	-	-	-	435,000
	6,808,583	8,174,178	14,982,761	-	435,000
TOTAL LIABILITIES	8,571,810	10,393,176	18,964,986	-	611,561
DEFERRED INFLOWS OF RESOURCES					
Deferred pension inflows	754,100	305,000	1,059,100	-	-
NET POSITION					
Net investment in capital assets	13,337,534	8,738,083	22,075,617	-	311,933
Restricted	1,315,361	831,499	2,146,860	-	-
Unrestricted	1,239,602	5,545,798	6,785,400	220,223	(116,561)
TOTAL NET POSITION	\$ 15,892,497	\$ 15,115,380	\$ 31,007,877	\$ 220,223	\$ 195,372

See accompanying notes.

CITY OF ST. ROBERT, MISSOURI
STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

Functions/Programs	Program Revenues				Net (Expenses), Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-Type Activities	Total	Liberty Commons Community Improvement District	Industrial Development Authority
Primary Government									
Governmental activities									
Administrative	\$ (1,981,541)	\$ 383,752	\$ 55,742	\$ -	\$ (1,542,047)	\$ -	\$ (1,542,047)	\$ -	\$ -
Fire	(1,186,370)	2,493	70,331	-	(1,113,546)	-	(1,113,546)	-	-
Public safety	(1,576,623)	169,901	10,817	4,614	(1,391,291)	-	(1,391,291)	-	-
Municipal court	(119,674)	-	-	-	(119,674)	-	(119,674)	-	-
Park	(470,333)	180,982	-	-	(289,351)	-	(289,351)	-	-
Information technology	(186,870)	-	-	-	(186,870)	-	(186,870)	-	-
Building code department	(102,245)	8,334	-	-	(93,911)	-	(93,911)	-	-
Street	(1,163,885)	-	-	-	(1,163,885)	-	(1,163,885)	-	-
Debt service	(509,898)	-	-	-	(509,898)	-	(509,898)	-	-
TOTAL GOVERNMENTAL ACTIVITIES	(7,297,439)	745,462	136,890	4,614	(6,410,473)	-	(6,410,473)	-	-
Business-Type Activities									
Electric Fund	(5,501,404)	6,977,203	-	-	-	1,475,799	1,475,799	-	-
Water and Sewer Fund	(1,704,068)	1,964,329	-	-	-	260,261	260,261	-	-
Gas Fund	(827,855)	873,924	-	-	-	46,069	46,069	-	-
Solid Waste Transfer Station Fund	(2,015,015)	2,238,944	3,500	-	-	227,429	227,429	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	(10,048,342)	12,054,400	3,500	-	-	2,009,558	2,009,558	-	-
TOTAL PRIMARY GOVERNMENT	\$ (17,345,781)	\$ 12,799,862	\$ 140,390	\$ 4,614	(6,410,473)	2,009,558	(4,400,915)	-	-

See accompanying notes.

CITY OF ST. ROBERT, MISSOURI
STATEMENT OF ACTIVITIES (continued)
Year Ended December 31, 2018

	Program Revenues				Net (Expenses), Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-Type Activities	Total	Liberty Commons Community Improvement District	Industrial Development Authority
Component Units									
Liberty Commons Community Improvement District	\$ (27,337)	\$ -	\$ -	\$ -	-	-	-	\$ (27,337)	\$ -
Industrial Development Authority	(20,914)	60,000	-	-	-	-	-	-	39,086
TOTAL COMPONENT UNIT	<u>\$ (48,251)</u>	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,337)</u>	<u>39,086</u>
General Revenues:									
Sales taxes					5,466,468	-	5,466,468	99,581	-
Ad valorem taxes					605,307	-	605,307	-	-
Motor vehicle and gas taxes					175,320	-	175,320	-	-
Other taxes					81,583	-	81,583	-	-
Franchise fees					69,343	-	69,343	-	-
Interest					66,848	85,107	151,955	-	-
Other revenue					79,340	-	79,340	-	-
Transfers					729,987	(729,987)	-	-	-
Total General Revenues and Transfers					<u>7,274,196</u>	<u>(644,880)</u>	<u>6,629,316</u>	<u>99,581</u>	<u>-</u>
Changes in Net Position					863,723	1,364,678	2,228,401	72,244	39,086
Net Position, Beginning of year					<u>15,028,774</u>	<u>13,750,702</u>	<u>28,779,476</u>	<u>147,979</u>	<u>156,286</u>
Net Position, End of year					<u>\$ 15,892,497</u>	<u>\$ 15,115,380</u>	<u>\$ 31,007,877</u>	<u>\$ 220,223</u>	<u>\$ 195,372</u>

See accompanying notes.

CITY OF ST. ROBERT, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2018

		Special Revenue Funds							
	General	Street	Park	Capital	Interstate	TIF #1	TIF #2	TIF #3	Total
	Fund	Fund	and Pool	Improvement	Plaza	Debt	Debt	Debt	Total
	Fund	Fund	Fund	Sales Tax	Project	Service	Service	Service	Governmental
	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Funds
ASSETS									
Cash and cash equivalents - unrestricted	\$ 1,224,674	\$ -	\$ 574,540	\$ 6,156	\$ 37,805	\$ 15,602	\$ -	\$ 27,535	\$ 1,886,312
Ad valorem taxes receivable, net	286,972	-	-	-	-	-	-	-	286,972
Sales tax receivable	412,492	202,585	101,375	206,246	-	-	-	-	922,698
Court fines receivable, net	126,291	-	-	-	-	-	-	-	126,291
Intergovernmental receivable	25,000	-	-	-	-	53,033	-	44,306	122,339
Other receivable	167,281	-	-	-	-	-	-	-	167,281
Prepaid expenses	114,306	72,100	3,108	-	-	-	-	-	189,514
Due from other funds	-	-	-	-	25,000	263,597	-	54,795	343,392
Cash and cash equivalents - restricted	273,121	148,753	-	-	-	-	-	-	421,874
TOTAL ASSETS	\$ 2,630,137	\$ 423,438	\$ 679,023	\$ 212,402	\$ 62,805	\$ 332,232	\$ -	\$ 126,636	\$ 4,466,673
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts payable	\$ 309,761	\$ 734	\$ 9,460	\$ -	\$ -	\$ 315,741	\$ -	\$ 142,129	\$ 777,825
Accrued expenses	84,131	14,575	9,308	-	-	-	-	-	108,014
Court bonds payable	23,616	-	-	-	-	-	-	-	23,616
Deferred revenue	48,717	-	-	-	-	-	-	-	48,717
Due to other funds	825,824	156,213	-	-	-	-	-	-	982,037
TOTAL LIABILITIES	1,292,049	171,522	18,768	-	-	315,741	-	142,129	1,940,209
Fund Balances									
Nonspendable:									
Prepaid expense	114,306	72,100	3,108	-	-	-	-	-	189,514
Restricted for:									
Debt service	249,505	148,753	-	-	-	16,491	-	-	414,749
Streets	-	31,063	-	212,402	-	-	-	-	243,465
Park and pool	-	-	657,147	-	-	-	-	-	657,147
Assigned to:									
Interstate Plaza	-	-	-	-	62,805	-	-	-	62,805
Unassigned	974,277	-	-	-	-	-	-	(15,493)	958,784
TOTAL FUND BALANCES (DEFICIT)	1,338,088	251,916	660,255	212,402	62,805	16,491	-	(15,493)	2,526,464
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,630,137	\$ 423,438	\$ 679,023	\$ 212,402	\$ 62,805	\$ 332,232	\$ -	\$ 126,636	\$ 4,466,673

See accompanying notes.

CITY OF ST. ROBERT, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
NET POSITION
December 31, 2018

Fund balance - total governmental funds	\$ 2,526,464
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	39,358,051
Less accumulated depreciation	<u>(18,521,042)</u>
	20,837,009
The net pension asset and deferred costs are not available to pay for current period expenditures and, therefore, are not reported in the funds:	
Net pension asset	643,654
Deferred outflows due to pensions	253,108
Deferred inflows due to pensions	<u>(754,100)</u>
	142,662
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as expenditures when due	(34,079)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(7,628,276)
Adjustment of deferred revenue	<u>48,717</u>
Net position of governmental activities	<u><u>\$ 15,892,497</u></u>

See accompanying notes.

CITY OF ST. ROBERT, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
Year Ended December 31, 2018

	Special Revenue Funds								Total Governmental Funds
	General Fund	Street Fund	Park and Pool Fund	Capital Improvement Sales Tax Fund	Interstate Plaza Project Fund	TIF #1 Debt Service Fund	TIF #2 Debt Service Fund	TIF #3 Debt Service Fund	
REVENUES									
Taxes	\$ 2,707,695	\$ 1,350,816	\$ 587,555	\$ 1,197,084	\$ -	\$ 331,397	\$ 81,366	\$ 142,106	\$ 6,398,019
Licenses and permits	43,409	-	-	-	-	-	-	-	43,409
Intergovernmental revenues	136,890	-	-	-	-	-	-	-	136,890
Fines and forfeitures	177,080	-	-	-	-	-	-	-	177,080
Charges for services	344,589	-	148,005	-	-	-	-	-	492,594
Miscellaneous	114,607	31,368	35,395	-	1,813	-	-	-	183,183
TOTAL REVENUES	3,524,270	1,382,184	770,955	1,197,084	1,813	331,397	81,366	142,106	7,431,175
EXPENDITURES									
Current									
Administrative	1,553,019	-	-	-	-	-	-	-	1,553,019
Fire	992,360	-	-	-	-	-	-	-	992,360
Public safety	1,446,981	-	-	-	-	-	-	-	1,446,981
Municipal court	127,410	-	-	-	-	-	-	-	127,410
Park	5,212	-	287,944	-	-	-	-	-	293,156
Information technology	220,228	-	-	-	-	-	-	-	220,228
Building code department	104,552	-	-	-	-	-	-	-	104,552
Street	-	1,565,580	-	-	-	-	-	-	1,565,580
Capital outlay	384,574	-	-	-	-	-	-	-	384,574
Debt Service									
Principal and interest	383,567	160,712	523,614	-	-	331,941	173,708	142,129	1,715,671
TOTAL EXPENDITURES	5,217,903	1,726,292	811,558	-	-	331,941	173,708	142,129	8,403,531
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(1,693,633)	(344,108)	(40,603)	1,197,084	1,813	(544)	(92,342)	(23)	(972,356)
OTHER FINANCING SOURCES (USES)									
Operating transfer in (out)	1,833,500	366,302	135,013	(1,277,662)	(13,497)	-	(313,669)	-	729,987
TOTAL OTHER FINANCING SOURCES (USES)	1,833,500	366,302	135,013	(1,277,662)	(13,497)	-	(313,669)	-	729,987
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	139,867	22,194	94,410	(80,578)	(11,684)	(544)	(406,011)	(23)	(242,369)
FUND BALANCE (DEFICIT), January 1	1,198,221	229,722	565,845	292,980	74,489	17,035	406,011	(15,470)	2,768,833
FUND BALANCE (DEFICIT), December 31	\$ 1,338,088	\$ 251,916	\$ 660,255	\$ 212,402	\$ 62,805	\$ 16,491	\$ -	\$ (15,493)	\$ 2,526,464

See accompanying notes.

CITY OF ST. ROBERT, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

Net change in fund balances - total governmental funds \$ (242,369)

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

Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of these assets is allocated over their
estimated useful lives on a straight line basis and reported as depreciation
expense. The following is the detail of the amount by which capital outlay was
exceeded by depreciation for the year.

Capital outlay	1,007,851
Depreciation	<u>(1,159,735)</u>
	(151,884)

Some expenditures reported in the governmental funds represent the use
of current financial resources and were recognized in the statement of
activities when incurred.

Change in pension related costs	54,273
Change in compensated absences	<u>(2,070)</u>
	52,203

The issuance of long-term debt provides current financial resources to
governmental funds. The repayment of the principal of long-term debt
is a use of current financial resources of governmental funds. Also,
governmental funds report the effect of issuance costs and similar items
when debt is issued, whereas these amounts are deferred and amortized
in the statement of activities. In the statement of activities, interest is
accrued on outstanding bonds whereas in the governmental funds, an
interest expenditure is reported when due. The following is the detail
of the net affect of these differences.

Repayment of principal on bonds and leases	1,195,441
Interest payable	<u>10,332</u>
	1,205,773
Change in net position of governmental activities	<u>\$ 863,723</u>

See accompanying notes.

CITY OF ST. ROBERT, MISSOURI
STATEMENT OF NET POSITION – ENTERPRISE FUNDS
December 31, 2018

	Enterprise Funds				
	Electric Fund	Water and Sewer Fund	Gas Fund	Solid Waste Transfer Station Fund	Total Enterprise Funds
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 1,288,499	\$ 1,267,584	\$ 101,277	\$ 474,891	\$ 3,132,251
Utilities receivable, net	741,625	241,536	148,351	537,970	1,669,482
Taxes receivable	-	24,180	-	-	24,180
Prepaid expenses	9,460	9,055	-	5,151	23,666
Inventory	687,970	137,045	49,760	-	874,775
Interfund balances	141,916	395,367	-	101,362	638,645
TOTAL CURRENT ASSETS	2,869,470	2,074,767	299,388	1,119,374	6,362,999
Noncurrent Assets					
Restricted cash and cash equivalents	458,884	1,535,938	190,950	-	2,185,772
Restricted investments	30,783	150,000	-	-	180,783
Net pension asset	45,526	27,713	10,839	13,321	97,399
TOTAL NONCURRENT ASSETS	535,193	1,713,651	201,789	13,321	2,463,954
Property, Plant and Equipment					
Non-depreciable	601,105	4,097,683	-	136,359	4,835,147
Depreciable	6,413,450	21,436,266	2,397,255	2,419,649	32,666,620
Less Accumulated Depreciation	(3,704,162)	(13,343,527)	(1,547,272)	(2,070,322)	(20,665,283)
TOTAL PROPERTY, PLANT AND EQUIPMENT	3,310,393	12,190,422	849,983	485,686	16,836,484
TOTAL ASSETS	6,715,056	15,978,840	1,351,160	1,618,381	25,663,437
DEFERRED OUTFLOW OF RESOURCES					
Deferred pension outflows	63,286	46,683	12,939	27,211	150,119

See accompanying notes.

CITY OF ST. ROBERT, MISSOURI
STATEMENT OF NET POSITION – ENTERPRISE FUNDS (continued)
December 31, 2018

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Sewer Fund	Gas Fund	Solid Waste Transfer Station Fund	
LIABILITIES					
Current Liabilities					
Accounts payable	3,249	81,999	100,042	173,898	359,188
Retainage payable	-	222,029	-	-	222,029
Arbitrage payable	-	453	-	-	453
Accrued expenses	20,776	21,607	3,834	6,675	52,892
Accrued interest payable	-	31,822	3,901	-	35,723
Deferred revenue	46,359	-	-	-	46,359
Customer deposits	467,559	-	-	-	467,559
Current portion of long-term debt	306,706	450,389	277,700	-	1,034,795
TOTAL CURRENT LIABILITIES	844,649	808,299	385,477	180,573	2,218,998
Noncurrent Liabilities					
Revenue bonds payable	-	4,540,000	-	-	4,540,000
MAMU lease payable	301,563	1,689,751	6,686	-	1,998,000
Certificates of participation payable	210,350	1,141,900	240,400	-	1,592,650
Compensated absences payable	16,806	14,041	990	11,691	43,528
TOTAL NONCURRENT LIABILITIES	528,719	7,385,692	248,076	11,691	8,174,178
TOTAL LIABILITIES	1,373,368	8,193,991	633,553	192,264	10,393,176
DEFERRED INFLOWS OF RESOURCES					
Deferred pension inflows	137,693	88,147	28,784	50,376	305,000
NET POSITION					
Net investment in capital assets	2,491,774	5,435,426	325,197	485,686	8,738,083
Restricted	22,108	618,441	190,950	-	831,499
Unrestricted	2,753,399	1,689,518	185,615	917,266	5,545,798
TOTAL NET POSITION	\$ 5,267,281	\$ 7,743,385	\$ 701,762	\$ 1,402,952	\$ 15,115,380

See accompanying notes.

CITY OF ST. ROBERT, MISSOURI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – ENTERPRISE FUNDS

Year Ended December 31, 2018

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Sewer Fund	Gas Fund	Solid Waste Transfer Station Fund	
OPERATING REVENUES					
Charges for services	\$ 6,969,223	\$ 1,778,900	\$ 867,728	\$ 2,223,489	\$ 11,839,340
Other charges	7,980	185,429	6,196	15,455	215,060
TOTAL OPERATING REVENUES	6,977,203	1,964,329	873,924	2,238,944	12,054,400
OPERATING EXPENSES					
Salaries and wages	362,515	339,904	86,838	151,936	941,193
Employee benefits	122,216	129,124	20,584	48,982	320,906
Materials and supplies	107,376	139,936	23,035	2,234	272,581
Purchased power	4,477,694	-	-	-	4,477,694
Hauling and recycling charges	-	-	-	1,491,402	1,491,402
Repairs and maintenance	101,772	119,082	4,450	64,011	289,315
Fuel and oil	-	-	-	169,112	169,112
Gas purchases	-	-	569,005	-	569,005
Travel, meetings and dues	2,594	4,796	1,627	-	9,017
General administrative	-	460	-	1,877	2,337
Depreciation	197,257	562,747	80,979	58,911	899,894
Other operating expenses	97,753	261,640	17,388	26,550	403,331
TOTAL OPERATING EXPENSES	5,469,177	1,557,689	803,906	2,015,015	9,845,787
OPERATING INCOME	1,508,026	406,640	70,018	223,929	2,208,613
NONOPERATING REVENUES (EXPENSES)					
Grant revenue	-	3,500	-	-	3,500
Interest income	9,136	72,744	3,227	-	85,107
Interest expense	(32,227)	(146,379)	(23,949)	-	(202,555)
TOTAL NONOPERATING (EXPENSES)	(23,091)	(70,135)	(20,722)	-	(113,948)
INCOME BEFORE OPERATING TRANSFERS	1,484,935	336,505	49,296	223,929	2,094,665
OPERATING TRANSFERS IN (OUT)	(1,079,511)	289,724	200,000	(140,200)	(729,987)
NET INCOME	405,424	626,229	249,296	83,729	1,364,678
NET POSITION, January 1	4,861,857	7,117,156	452,466	1,319,223	13,750,702
NET POSITION, December 31	\$ 5,267,281	\$ 7,743,385	\$ 701,762	\$ 1,402,952	\$ 15,115,380

See accompanying notes.

CITY OF ST. ROBERT, MISSOURI
STATEMENT OF CASH FLOWS – ENTERPRISE FUNDS
Year Ended December 31, 2018

	Enterprise Funds				
	Electric Fund	Water and Sewer Fund	Gas Fund	Solid Waste Transfer Station Fund	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 6,865,815	\$ 1,958,087	\$ 833,969	\$ 2,184,343	\$ 11,842,214
Cash paid to suppliers	(4,753,640)	(676,748)	(586,609)	(1,709,457)	(7,726,454)
Cash paid to employees	(512,293)	(484,394)	(112,157)	(208,385)	(1,317,229)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,599,882	796,945	135,203	266,501	2,798,531
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from (to) other funds	(1,079,511)	289,724	200,000	(140,201)	(729,988)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(1,079,511)	289,724	200,000	(140,201)	(729,988)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(16,176)	(2,270,558)	(95,262)	-	(2,381,996)
Payment of bond principal	-	(70,000)	(140,000)	-	(210,000)
Payment of MAMU principal	(47,520)	(246,510)	(2,970)	-	(297,000)
Payment of certificates of participation principal	(16,800)	(1,506,700)	(19,200)	-	(1,542,700)
Payment of principal on capital leases	(96,044)	(24,011)	-	-	(120,055)
Payment of interest expense	(32,227)	(149,038)	(19,970)	-	(201,235)
Proceeds from long term debt	-	1,415,500	-	-	1,415,500
Grant revenue	-	3,500	-	-	3,500
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(208,767)	(2,847,817)	(277,402)	-	(3,333,986)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	9,136	72,744	3,227	-	85,107
Purchase of investments	(632)	-	-	-	(632)
NET CASH PROVIDED BY INVESTING ACTIVITIES	8,504	72,744	3,227	-	84,475
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	320,108	(1,688,404)	61,028	126,300	(1,180,968)
CASH AND CASH EQUIVALENTS, Beginning of year	1,427,275	4,491,926	231,199	348,591	6,498,991
CASH AND CASH EQUIVALENTS, End of year	1,747,383	2,803,522	292,227	474,891	5,318,023
LESS RESTRICTED CASH AND CASH EQUIVALENTS	(458,884)	(1,535,938)	(190,950)	-	(2,185,772)
UNRESTRICTED CASH AND CASH EQUIVALENTS	\$ 1,288,499	\$ 1,267,584	\$ 101,277	\$ 474,891	\$ 3,132,251

See accompanying notes.

CITY OF ST. ROBERT, MISSOURI
STATEMENT OF CASH FLOWS – ENTERPRISE FUNDS (continued)
Year Ended December 31, 2018

	Enterprise Funds				Total Enterprise Funds
	Electric Fund	Water and Sewer Fund	Gas Fund	Solid Waste Transfer Station Fund	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income	\$ 1,508,026	\$ 406,640	\$ 70,018	\$ 223,929	\$ 2,208,613
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	197,257	562,747	80,979	58,911	899,894
(Increase) decrease in:					
Utilities receivable	(139,931)	(10,062)	(39,955)	(54,601)	(244,549)
Special assessment tax receivable	-	3,820	-	-	3,820
Prepaid expenses	(6,402)	(6,512)	-	(3,544)	(16,458)
Inventory	41,214	4,303	1,364	-	46,881
Net pension obligation	(67,316)	(48,957)	(12,239)	(52,709)	(181,221)
Deferred pension outflows	14,118	10,268	2,567	5,134	32,087
Increase (decrease) in:					
Accounts payable	3,177	(152,361)	25,939	47,759	(75,486)
Accrued expenses	(4,440)	3,747	884	1,514	1,705
Arbitrage payable	-	(11)	-	-	(11)
Deferred revenue	28,543	-	-	-	28,543
Compensated absences payable	(4,582)	1,346	(557)	534	(3,259)
Deferred pension inflows	30,218	21,977	5,494	39,574	97,263
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,599,882</u>	<u>\$ 796,945</u>	<u>\$ 134,494</u>	<u>\$ 266,501</u>	<u>\$ 2,797,822</u>

See accompanying notes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of St. Robert, Missouri (the City) was incorporated in 1951, under the provisions of the State of Missouri. The City operates under a Mayor–Board of Aldermen form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, culture-recreation, public improvements, planning, and general administrative services. Other services include water, sewer, electric, natural gas, and solid waste transfer station services.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not financially accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a financial burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City of St. Robert, Missouri is a primary government, which is governed by an elected Board of Aldermen. As required by accounting principles generally accepted in the United States of America, the City has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Liberty Commons Community Improvement District

Approved in 2010, the Liberty Commons Community Improvement District, which is governed by a Board of Directors, provides support for financing improvements in the Liberty Commons District. The formation of the District allows for the authorization of an additional 1% sales tax to make public improvements that will benefit the District and the City as a whole. This 1% sales tax was approved by the voters within the District and became effective October 2012. This District is an overlay for a Tax Increment Financing area.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Industrial Development Authority

The Industrial Development Authority (IDA) is a not-for-profit corporation established by resolution of the Board of Aldermen and formed under RSMo Chapter 349, the Industrial Development Corporations Act. It is designed to develop, advance, encourage and promote commercial, industrial and manufacturing facilities in the City. The IDA Board of Directors is appointed by the Board of Aldermen of the City of St. Robert, Missouri. The City provides the IDA financial and administrative support.

Government-Wide and Fund Financial Statements

The basic financial statements include both the government-wide (the Statement of Net Position and the Statement of Activities) and fund financial statements.

Government-Wide Financial Statements

The government-wide statements display information about the government as a whole. Interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services for support.

In the government-wide Statement of Net Position, both the governmental and business-type activities and the discretely presented component unit are consolidated and presented on the full accrual, economic resources basis of accounting. The consolidated presentation incorporates long-term assets and receivables as well as long-term debt and obligations, and it provides information to improve analysis and comparability.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental, business-type activities and the discretely presented component unit. Direct expenses are those that are specifically associated with a program or a function. Program revenues include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital expenses of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

Separate fund financial statements report information on the City's governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis on near-term inflows and outflows of resources do not present the long-term impact of transactions. Conversely, the proprietary fund statements incorporate the accrual basis of accounting and focus on the change in total economic resources. This presentation records long-term assets and liabilities and recognizes revenues and expenses when transactions occur, regardless of their impact on the flow of cash. Since the accounting differs significantly between the governmental funds and the proprietary funds, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance identifying categories that required conversion from the fund statements.

The City reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the City. It is used to account for all financial resources not accounted for in other funds.

Street Fund: The Street Fund of the City is used to account for resources restricted, committed or assigned for City streets.

Park and Pool Fund: The Park and Pool Fund of the City is used to account for resources restricted, committed or assigned for city parks and recreation.

Interstate Plaza Project Fund: The Interstate Plaza Project Fund is used to account for resources restricted, committed or assigned for the acquisition or construction of major capital facilities.

TIF #1 Debt Service Fund: The TIF #1 Debt Service Fund is used to account for resources restricted, committed or assigned for debt service.

TIF #2 Debt Service Fund: The TIF #2 Debt Service Fund is used to account for resources restricted, committed or assigned for debt service.

TIF #3 Debt Service Fund: The TIF #3 Debt Service Fund is used to account for resources restricted, committed or assigned for debt service.

Capital Improvement Sales Tax Fund: The Capital Improvement Sales Tax Fund is used to account for resources restricted, committed or assigned for capital improvements within the City.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City reports the following major proprietary funds:

Electric Fund: The Electric Fund accounts for the activities and capital improvements of the City’s electric operations.

Water and Sewer Fund: The Water and Sewer Fund accounts for the activities and capital improvements of the City’s water and sewer operations.

Gas Fund: The Gas Fund accounts for the activities and capital improvements of the City’s gas operations.

Solid Waste Transfer Station Fund: The Solid Waste Transfer Station Fund accounts for the activities and capital improvements of the City’s solid waste operations.

Capital Assets

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of \$5,000 or greater and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

In conformity with GASB 34, infrastructure, such as streets and storm sewers, has been capitalized. Additionally, the city elected to depreciate its infrastructure assets. Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

Buildings and improvements	15-20 years
Electric distribution system	30-33 years
Sewer lines and treatment plant	30-33 years
Waterworks system	30-33 years
Gas distribution system	30-33 years
Equipment	10 years
Vehicles	6 years
Infrastructure	30 years

Expenditures for maintenance and repairs are charged to expense; renewals and betterments are capitalized.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash account is available to meet current operating requirements. For purposes of the statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method. Inventory usage is recognized on the consumption method.

Compensated Absences

Employees earn vacation time based on the number of years' service to the City. Outstanding vacation leave is payable upon termination of employment. Compensated absences are recorded as a liability in the Statement of Net Position.

Use of Estimates

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

Interest Capitalization

Interest expense that relates to the cost of acquiring or constructing fixed assets in the Enterprise Funds is capitalized. Interest expense incurred in connection with construction of capital assets has been reduced by interest earned on the investment of funds borrowed for construction in accordance with GASB Accounting Standards Codification Topic No. 1400-120-137 – *Capitalization of Interest Costs*. There was no interest capitalized during the current fiscal year.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition – Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent after December 31 of that year.

Due To and Due From Other Funds

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets and service debt. To the extent that certain transactions between funds had not been paid or received as of December 31, 2018, balances of interfund amounts receivable or payable have been recorded within the fund financial statements.

Net Position

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

Net Investment in Capital Assets: This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted: This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted: This consists of net position that does not meet the definition of restricted or net investment in capital assets.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City first applies restricted net position.

Fund Balance Classification

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted fund balance: This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Aldermen – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board removes the specified use by taking the same type of action imposing the commitment.

Assigned fund balance: This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Currently, the City has one item that qualifies for reporting in this category, deferred amounts relating to employer contributions to the retirement plan.

In addition to liabilities, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the City has one item that qualifies for reporting in this category, deferred pension inflows relating to the retirement plan on the Statement of Net Position. These amounts are recognized as an inflow of resources in the period that the amounts become available.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pensions

For purposes of measuring the net pension obligation, deferred outflow of resources and deferred inflow of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and services. All other revenue and expenses are considered nonoperating.

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. These include 1) charges for city court fines, licenses and permits, planning and zoning services, parks and recreation services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All other governmental revenues are reported as general. All taxes are classified as general revenues, even if restricted for a specific purpose.

NOTE B – CASH AND CASH EQUIVALENTS

State statutes require that the City's deposits be insured or collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 2018, all bank balances on deposit are entirely insured or collateralized.

CITY OF ST. ROBERT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE C – INVESTMENTS

The City's investments as of December 31, 2018, are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Certificates of Deposit	1/15/2019 to 1/20/2019	<u>\$ 180,783</u>

Certificates of Deposit

Certificates of deposit are classified as investments but are considered deposits for custodial risk determination. State statutes require that the City's deposits be collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 2018, all certificates of deposit are entirely insured or collateralized with securities.

The City has no policy on interest rate risk.

NOTE D – RESTRICTED ASSETS

General Fund

During 2015, the City sold \$6,885,000 in Refunding and Improvement Certificates of Participation, Series 2015, (COP's) to refinance the Series 2009A and 2009B Lease Certificates of Participation. The agreement established amounts to be deposited in a reserve fund. The 2010 COP has similar reserve requirements. As of December 31, 2018, the City has made the required deposits.

The special reserves consisting of cash and cash equivalents are reported in the accompanying balance sheets as restricted cash and cash equivalents and restricted net position. Restricted cash also includes cash restricted for police court bonds.

The total restricted cash and restricted net position for the General Fund are as follows:

	<u>Restricted Cash and Cash Equivalents</u>	<u>Restricted Net Position</u>
2015A Certificates Reserve account	\$ 232,988	\$ 232,988
2009A Debt service account	3,281	3,281
2010 Certificates Reserve Account	13,236	13,236
Police court bond account	23,616	-
	<u>\$ 273,121</u>	<u>\$ 249,505</u>

CITY OF ST. ROBERT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE D – RESTRICTED ASSETS (continued)

Park and Pool Fund

Sales taxes for Park and Pool Fund purposes are generally available for the approved purpose of park and pool related activities. Fund balance and net position has been restricted in the amount of \$657,147 as of December 31, 2018.

Debt Service Funds

During 2001, the City issued Tax Increment Financing (TIF) Bonds in the amount of \$1,237,500 to finance the cost of site development and certain infrastructure improvements to the City's interstate plaza project. The City receives tax revenue from this property, which is restricted for repayment of these bonds. The City has since entered into two additional TIF agreements with developers funding project and receiving reimbursement. Each TIF agreement has a fund established for tracking revenues and expenses for each agreement. All net position in these funds have been restricted for these TIF agreements at December 31, 2018.

Street Fund

During 2017, the City issued Refunding Certificates of Participation in the amount of \$3,725,000. The proceeds were used to finance costs related to certain capital projects of the City. The agreement established amounts to be deposited in certain sinking and reserve funds. As of December 31, 2018, the City has made the required deposits.

The total restricted cash and restricted net position for the Street Fund are as follows:

	Restricted Cash and Cash Equivalents	Restricted Net Position
2017 Certificates Reserve account	\$ 148,753	\$ 148,753

Capital Improvement Sales Tax Fund

Sales taxes are generally available for approved purposes for capital improvement. Fund balance and net position has been restricted in the amount of \$212,402 as of December 31, 2018.

CITY OF ST. ROBERT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE D – RESTRICTED ASSETS (continued)

Enterprise Funds

The Combined Waterworks and Sewerage System Refunding Revenue Bond Ordinance and the Capital Improvement Sales Tax Revenue Bond Ordinance established amounts required to be deposited in certain sinking and reserve funds. As of December 31, 2018, the City had made the required deposits.

During 2012, the City sold Public Utility System Refunding Revenue Bonds, Series 2012, in the amount of \$1,100,000, which required amounts to be deposited in certain sinking and reserve funds. As of December 31, 2018, the City had made the required deposits.

During 1999, the City sold Combined Waterworks and Sewerage System Revenue Bonds through the Missouri State Revolving Loan Program in the amount of \$685,000. The bond proceeds were used for waterworks and sewerage system improvements. The agreement established amounts to be deposited in certain sinking and reserve funds. As of December 31, 2018, the City had made the required deposits.

In 2017, the City issued refunding Certificates of Participation in the amount of \$3,725,000 to benefit the Water and Sewer, Electric, and Gas Funds. The proceeds were used to finance certain capital projects of the City. The agreement established amounts to be deposited in certain sinking funds and reserve funds.

In 2017, the City sold Combined Waterworks and Sewerage System Revenue Bonds in the amount of \$4,500,000. The agreement established certain sinking and reserve funds. The city also maintains the construction account balance. As of December 31, 2018, the City had made the required deposits.

These special reserves consist of cash and investments and are reported in the accompanying balance sheet as restricted assets and restricted net position. Restricted assets also include cash and investments restricted for customer meter deposits. These restrictions are as follows:

	Restricted Cash and Investments	Restricted Net Position
ELECTRIC FUND		
2017 Certificates Reserve account	\$ 22,108	\$ 22,108
Customer meter deposits	467,559	-
	<u>489,667</u>	<u>22,108</u>
WATER AND SEWER FUND		
2017 Revenue Bonds Construction account	1,067,044	-
2017 Certificates Reserve account	120,017	120,017
Principal and interest	39,448	39,448
Depreciation and replacement - 1998B	150,000	150,000
Capital improvement sales tax	308,976	308,976
Arbitrage accounts	453	-
	<u>1,685,938</u>	<u>618,441</u>

CITY OF ST. ROBERT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE D – RESTRICTED ASSETS (continued)

	Restricted Cash and Investments	Restricted Net Position
GAS FUND		
2017 Certificates Reserve account	25,267	25,267
Principal and interest	59,003	59,003
Depreciation and replacement	106,680	106,680
	<u>190,950</u>	<u>190,950</u>
	<u>\$ 2,366,555</u>	<u>\$ 831,499</u>

NOTE E – ACCOUNTS RECEIVABLE

Accounts receivable are presented net of an allowance for doubtful accounts as follows:

	Accounts Receivable	Allowance	Net Accounts Receivable
AD VALOREM TAXES RECEIVABLE			
General Fund	<u>\$ 298,972</u>	<u>\$ 12,000</u>	<u>\$ 286,972</u>
UTILITIES RECEIVABLE			
Enterprise Funds			
Electric Fund	\$ 757,625	\$ 16,000	\$ 741,625
Water and Sewer Fund	245,736	4,200	241,536
Gas Fund	151,151	2,800	148,351
Solid Waste Transfer Station Fund	<u>538,470</u>	<u>500</u>	<u>537,970</u>
	<u>\$ 1,692,982</u>	<u>\$ 23,500</u>	<u>\$ 1,669,482</u>
COURT FINES RECEIVABLE			
General Fund	<u>\$ 210,485</u>	<u>\$ 84,194</u>	<u>\$ 126,291</u>

CITY OF ST. ROBERT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE F – LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES

The business-type activities long-term liabilities at December 31, 2018, consists of three Revenue Bond issues; Series 1999A, Series 2012, and Series 2017. The business-type activities long-term liabilities also consists of the Series 2017 Certificates of Participation, Series 2005 Missouri Association of Municipal Utilities (MAMU) lease purchase, one capital lease, and compensated absences payable.

The Combined Waterworks and Sewerage System Revenue Bonds, State Revolving Fund Program, Series 1999A, were issued in the principal amount of \$685,000 for the purpose of improving and extending the water and sewer system. The 1999A bonds bear interest at 4.13% to 6.0% with principal payments due July 1 and interest payments due January 1 and July 1 of each year. The bonds also require an administrative fee payable annually on January 1 of each year at .714% of the outstanding principal balance. The bonds may be called for redemption under the provisions outlined in the bond ordinance. The bonds outstanding at December 31, 2018, are due as follows:

Year Ending December 31,	Principal	Interest	Administrative Fee	Total
2019	\$ 40,000	\$ 4,600	\$ 572	\$ 45,172
2020	40,000	2,300	286	42,586
	<u>\$ 80,000</u>	<u>\$ 6,900</u>	<u>\$ 858</u>	<u>\$ 87,758</u>

CITY OF ST. ROBERT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE F – LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES (continued)

The Combined Waterworks and Sewerage System Revenue Bonds, Series 2017 were issued in the principal amount of \$4,500,000 for the purpose of improving and extending the water and sewer system. The 2017 bonds bear interest at 1.5% to 3.15% with principal payments due November 1 and interest payments due May 1 and November 1 of each year. The bonds may be called for redemption under the provisions outlined in the bond ordinance. The bonds outstanding at December 31, 2018, are due as follows:

Year Ending December 31,	Principal	Interest	Total
2019	\$ -	\$ 125,198	\$ 125,198
2020	20,000	125,198	145,198
2021	55,000	124,896	179,896
2022	55,000	123,990	178,990
2023	55,000	123,026	178,026
2024	50,000	121,982	171,982
2025	190,000	120,982	310,982
2026	395,000	116,708	511,708
2027	400,000	107,228	507,228
2028	410,000	97,226	507,226
2029	470,000	86,158	556,158
2030	565,000	72,996	637,996
2031	590,000	56,612	646,612
2032	610,000	38,912	648,912
2033	635,000	20,004	655,004
	<u>\$ 4,500,000</u>	<u>\$ 1,461,116</u>	<u>\$ 5,961,116</u>

CITY OF ST. ROBERT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE F – LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES (continued)

The 2005 Missouri Association of Municipal Utilities Lease was issued in the principal amount of \$5,402,000 to pay off the Series 2000 Certificates of Participation and the 2004 Equipment Acquisition Lease. In addition, the (MAMU) lease will finance new projects for sewer and electric improvements. The lease has been recorded in the Electric, Combined Water and Sewer, and Gas Funds in the amounts of \$369,280, \$1,915,640 and \$23,080, respectively. The lease bears interest at 3.40% with principal and interest payments due each month. The outstanding payments at December 31, 2018, are due as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 310,000	\$ 107,516	\$ 417,516
2020	323,000	93,226	416,226
2021	338,000	78,200	416,200
2022	353,000	62,623	415,623
2023	368,000	46,299	414,299
2024	385,000	29,287	414,287
2025	231,000	8,886	239,886
	<u>\$ 2,308,000</u>	<u>\$ 426,037</u>	<u>\$ 2,734,037</u>

Gas Fund long-term liabilities consists of the Public Utility Refunding Revenue Bonds, Series 2012, issued in the amount of \$1,100,000 to refund the 2003 Public Utility Revenue Bonds, Series 1994. The 2012 bonds bear interest at 1.00% to 2.40% with principal payments due September 1 and interest payments due March 1 and September 1 of each year. The bonds maturing on or after September 1, 2019, may be called for redemption on or after September 1, 2018. The bonds outstanding at December 31, 2018, are due as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	<u>\$ 255,000</u>	<u>\$ 6,120</u>	<u>\$ 261,120</u>

CITY OF ST. ROBERT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE F – LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES (continued)

In 2017, the City issued \$3,725,000 in Refunding Certificates of Participation to refund the Series 2011 Certificates of Participation. \$1,722,500 of the outstanding certificates was recorded as long-term debt within the business-type activities and \$1,527,500 was recorded in the governmental activities of the City. The Certificates of Participation bear interest at various rates ranging from 1.5% to 3.7% with principal payments due May 1 and interest payments due May 1 and November 1 of each year. The certificates outstanding at December 31, 2018, are due as follows:

Year Ending December 31,	Principal	Interest	Total
2019	\$ 245,000	\$ 98,775	\$ 343,775
2020	245,000	93,262	338,262
2021	255,000	87,007	342,007
2022	260,000	80,053	340,053
2023	270,000	72,362	342,362
2024	280,000	63,973	343,973
2025	285,000	28,171	313,171
2026	300,000	45,270	345,270
2027	300,000	34,920	334,920
2028	300,000	24,270	324,270
2029	510,000	9,435	519,435
	<u>\$ 3,250,000</u>	<u>\$ 637,498</u>	<u>\$ 3,887,498</u>

Amount recorded in:

Governmental Activities	\$ 1,527,500
Water and Sewer Fund	1,235,000
Electric Fund	227,500
Gas Fund	260,000
	<u>260,000</u>
TOTAL	<u>\$ 3,250,000</u>

NOTE F – LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES (continued)

In 2017, the City entered into a lease purchase agreement with Security Bank of Pulaski County to finance the purchase of land. The lease is split between the Water and Sewer Fund and the Electric Fund. The agreement requires a final principal payment of the outstanding balance with interest at 2.85% in April 2019.

The City’s lease agreement provides for the cancellation of the lease at the City’s option on the renewal dates each year, per state statute, however, the City does not foresee exercising the option to cancel. Therefore, this lease is accounted for as a noncancelable lease, in accordance with GASB Section L20, *Leases*.

The following is a schedule of future lease payments under the lease (assuming noncancellation):

Year Ended December 31,	Land Purchase Lease
<u>2019</u>	<u>\$ 308,493</u>
TOTAL MINIMUM LEASE PAYMENTS	308,493
LESS AMOUNT REPRESENTING INTEREST	<u>(8,548)</u>
PRINCIPAL BALANCE, DECEMBER 31, 2018	<u><u>\$ 299,945</u></u>
Amount recorded in:	
Water and Sewer Fund	\$ 59,989
Electric Fund	<u>239,956</u>
	<u><u>\$ 299,945</u></u>

CITY OF ST. ROBERT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE F – LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES (continued)

A summary of the changes in long-term liabilities – business-type activities for the year ended December 31, 2018, is as follows:

	Balance December 31, 2017	Additions	Retirements	Balance December 31, 2018	Amount Due Within One Year
WATER AND SEWER FUND					
1998 Revenue Bonds	\$ 30,000	\$ -	\$ 30,000	\$ -	\$ -
1999A Revenue Bonds	120,000	-	40,000	80,000	40,000
2017 Revenue Bonds	4,500,000	-	-	4,500,000	-
Certificates of Participation, Series 2017	1,326,200	1,415,500	1,506,700	1,235,000	93,100
2005 MAMU Lease	2,193,561	-	246,510	1,947,051	257,300
2017 Land Purchase Lease	84,000	-	24,011	59,989	59,989
Compensated Absences	12,695	1,346	-	14,041	-
	<u>8,266,456</u>	<u>1,416,846</u>	<u>1,847,221</u>	<u>7,836,081</u>	<u>450,389</u>
ELECTRIC FUND					
Certificates of Participation, Series 2017	244,300	-	16,800	227,500	17,150
2005 MAMU Lease	398,683	-	47,520	351,163	49,600
2017 Land Purchase Lease	336,000	-	96,044	239,956	239,956
Compensated Absences	21,388	-	4,582	16,806	-
	<u>1,000,371</u>	<u>-</u>	<u>164,946</u>	<u>835,425</u>	<u>306,706</u>
SOLID WASTE TRANSFER STATION FUND					
Compensated Absences	10,802	889	-	11,691	-
GAS FUND					
2005 MAMU Lease	12,756	-	2,970	9,786	3,100
Certificates of Participation, Series 2017	279,200	-	19,200	260,000	19,600
2012 Refunding Revenue Bonds	395,000	-	140,000	255,000	255,000
Compensated Absences	1,547	-	557	990	-
	<u>688,503</u>	<u>-</u>	<u>162,727</u>	<u>525,776</u>	<u>277,700</u>
Less:					
Deferred loss on bond refunding	<u>(4,552)</u>	<u>-</u>	<u>(4,552)</u>	<u>-</u>	<u>-</u>
	<u>683,951</u>	<u>-</u>	<u>158,175</u>	<u>525,776</u>	<u>277,700</u>
	<u>\$ 9,961,580</u>	<u>\$1,417,735</u>	<u>\$ 2,170,342</u>	<u>\$ 9,208,973</u>	<u>\$ 1,034,795</u>

CITY OF ST. ROBERT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE G – LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES

Long-term liabilities for governmental activities at December 31, 2018, consists of the 2017, 2010, and 2015 Series certificates of participation, one tax increment financing bond, two capital lease obligations, and compensated absences payable.

During 2010, the City issued \$2,189,500 in Lease Certificates of Participation, Taxable Series 2010. These certificates of participation (COPs) bear interest at 4.0% with monthly payments of principal and interest in the amount of \$13,227 due on the first day of each month until September 1, 2030. The COPs outstanding at December 31, 2018, are due as follows:

Year Ending December 31,	Principal	Interest	Total
2019	\$ 82,992	\$ 75,598	\$ 158,590
2020	87,891	70,699	158,590
2021	93,081	65,510	158,591
2022	98,576	60,014	158,590
2023	104,396	54,194	158,590
2024	110,559	48,031	158,590
2025	117,087	41,503	158,590
2026	123,999	34,591	158,590
2027	131,320	27,269	158,589
2028	139,073	19,517	158,590
2029	147,284	11,306	158,590
2030	116,142	2,800	118,942
	<u>\$ 1,352,400</u>	<u>\$ 511,032</u>	<u>\$ 1,863,432</u>

CITY OF ST. ROBERT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE G – LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES (continued)

During 2015, the City issued \$6,885,000 in Lease Certificates of Participation, Refunding and Improvement Series 2015 to refund Series 2009A&B Series COPs outstanding at \$1,465,000 and \$4,275,000, respectively, and to fund certain City capital purchases. These certificates of participation (COPs) bear interest at 0.6% to 3.6% with principal payments due November 1 and interest due May 1 and November 1 of each year. The COPs outstanding at December 31, 2018, are due as follows:

Year Ending December 31,	Principal	Interest	Total
2019	\$ 595,000	\$ 129,978	\$ 724,978
2020	605,000	118,970	723,970
2021	420,000	106,265	526,265
2022	380,000	96,185	476,185
2023	385,000	85,925	470,925
2024	410,000	74,568	484,568
2025	425,000	61,653	486,653
2026	435,000	47,840	482,840
2027	430,000	33,050	463,050
2028	500,000	18,000	518,000
	<u>\$ 4,585,000</u>	<u>\$ 772,434</u>	<u>\$ 5,357,434</u>

In 2017, the City issued \$3,725,000 in Refunding Certificates of Participation to refund the 2011 Certificates of Participation. \$1,750,750 of the \$4,230,000 outstanding certificates was recorded as long-term debt within the governmental activities of the City. The Certificates of Participation bear interest at various rates ranging from 1.5% to 3.7% with principal payments due May 1 and interest payments due May 1 and November 1 of each year. See Note F for the related payment schedule.

NOTE G – LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES (continued)

Capital Lease Purchase – Land

During 2010, the City entered into a \$212,000 lease purchase agreement with Dean and Alice Ready to finance the purchase of land. The land has been recorded as a fixed asset addition and a lease obligation payable. The lease agreement requires monthly payments of principal and interest of \$2,213 at 4.542%.

The following is a schedule of the future minimum lease payments under the lease agreements (assuming noncancellation):

Year Ending December 31,	2010 Land Lease Purchase
2019	\$ 26,551
2020	26,551
TOTAL MINIMUM LEASE PAYMENTS	53,102
LESS AMOUNT REPRESENTING INTEREST	(18,527)
NET LEASE PAYABLE	\$ 34,575

CITY OF ST. ROBERT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE G – LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES (continued)

A summary of the changes in the long-term liabilities – governmental activities for the year ended December 31, 2018, is as follows:

	Balance December 31, 2017	Additions	Retirements	Balance December 31, 2018	Amounts Due Within One Year
Certificates of Participation, Taxable Series 2010	\$ 1,431,001	\$ -	\$ 78,601	\$ 1,352,400	\$ 82,992
Certificates of Participation, Series 2015	5,170,000	-	585,000	4,585,000	595,000
Certificates of Participation, Series 2017	1,640,300	-	112,800	1,527,500	115,150
Tax Increment Financing Bonds, Series 2000A	121,177	-	121,177	-	-
2010 Land Lease Purchase	58,983	-	24,408	34,575	26,551
2016 Fire Truck Lease	273,455	-	273,455	-	-
Compensated Absences	126,731	2,070	-	128,801	-
	<u>\$ 8,821,647</u>	<u>\$ 2,070</u>	<u>\$ 1,195,441</u>	<u>\$ 7,628,276</u>	<u>\$ 819,693</u>

NOTE H – LONG-TERM LIABILITIES – INDUSTRIAL DEVELOPMENT BOARD

During 2017, the Industrial Development Board entered into a loan agreement with Laclede Electric Cooperative to finance the construction of a fire and rescue station. The agreement requires monthly payments of \$5,000. Payments will equal payment from the City to lease the station. The following is a schedule of future loan payments:

CITY OF ST. ROBERT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE H – LONG-TERM LIABILITIES – INDUSTRIAL DEVELOPMENT BOARD (continued)

Year Ended December 31,	Fire Station Loan
2019	\$ 60,000
2020	60,000
2021	60,000
2022	60,000
2023	60,000
2024	60,000
2025	60,000
2026	60,000
2027	15,000
TOTAL MINIMUM LEASE PAYMENTS	495,000
LESS AMOUNT REPRESENTING INTEREST	-
PRINCIPAL BALANCE, DECEMBER 31, 2018	<u>\$ 495,000</u>

A summary of the changes in long-term liabilities for the year ended December 31, 2018, is as follows:

	Balance December 31, 2017	Additions	Retirements	Balance December 31, 2018	Amounts Due Within One Year
Fire Station Capital Loan	<u>\$ 555,000</u>	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ 495,000</u>	<u>\$ 60,000</u>

CITY OF ST. ROBERT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE I – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance December 31, 2017	Additions	Deletions	Balance December 31, 2018
Governmental Activities				
Non-depreciable capital assets:				
Land	\$ 5,419,932	\$ -	\$ -	\$ 5,419,932
Construction in progress	16,653	12,092	16,653	12,092
	<u>5,436,585</u>	<u>\$ 12,092</u>	<u>\$ 16,653</u>	<u>5,432,024</u>
Depreciable capital assets				
Building and improvements	11,685,398	\$ 48,328	\$ -	11,733,726
Equipment	1,854,366	299,900	-	2,154,266
Vehicles	4,400,520	51,200	22,684	4,429,036
Infrastructure	<u>14,996,015</u>	<u>612,984</u>	<u>-</u>	<u>15,608,999</u>
Total depreciable capital assets	32,936,299	<u>\$ 1,012,412</u>	<u>\$ 22,684</u>	33,926,027
Less accumulated depreciation	<u>17,383,991</u>	<u>\$ 1,159,735</u>	<u>\$ 22,684</u>	<u>18,521,042</u>
Total depreciable capital assets, net	<u>\$ 15,552,308</u>			<u>\$ 15,404,985</u>

Depreciation expense for governmental activities was charged to functions as follows:

Administrative	\$ 300,630
Fire	150,569
Public safety	41,763
Park	177,951
Information technology	5,474
Building code department	3,108
Street	<u>480,240</u>
	<u>\$ 1,159,735</u>

CITY OF ST. ROBERT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE I – CAPITAL ASSETS (continued)

	Balance December 31, 2017	Additions	Deletions	Balance December 31, 2018
Business-Type Activities				
Electric Fund				
Non-depreciable capital assets:				
Land	\$ 601,105	\$ -	\$ -	\$ 601,105
Depreciable capital assets:				
Electric distribution system	5,625,489	\$ -	\$ -	5,625,489
Vehicles	501,261	-	-	501,261
Equipment	154,933	16,176	-	171,109
Buildings and improvements	115,591	-	-	115,591
	6,397,274	\$ 16,176	\$ -	6,413,450
Less accumulated depreciation	3,506,905	\$ 197,257	\$ -	3,704,162
Depreciable Capital Assets, net	2,890,369			2,709,288
Water and Sewer Fund				
Non-depreciable capital assets:				
Land	295,276	\$ -	\$ -	295,276
Construction in progress	1,349,477	2,452,930	-	3,802,407
	1,644,753	\$ 2,452,930	\$ -	4,097,683
Depreciable capital assets:				
Buildings and improvements	124,625	\$ -	\$ -	124,625
Sewer lines and treatment plant	11,466,526	-	-	11,466,526
Waterworks system	8,680,096	47,618	-	8,727,714
Equipment	390,500	45,390	-	435,890
Vehicles	681,511	-	-	681,511
	21,343,258	\$ 93,008	\$ -	21,436,266
Less accumulated depreciation	12,780,780	\$ 562,747	\$ -	13,343,527
Depreciable Capital Assets, net	8,562,478			8,092,739

CITY OF ST. ROBERT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE I – CAPITAL ASSETS (continued)

	Balance December 31, 2017	Additions	Deletions	Balance December 31, 2018
Gas Fund				
Depreciable capital assets:				
Gas distribution system	2,175,855	\$ -	\$ -	2,175,855
Vehicles	68,823	95,262	-	164,085
Buildings and improvements	57,315	-	-	57,315
	2,301,993	\$ 95,262	\$ -	2,397,255
Less accumulated depreciation	1,466,293	\$ 80,979	\$ -	1,547,272
Depreciable Capital Assets, net	835,700			849,983
Solid Waste Transfer Station Fund				
Land	82,525	\$ -	\$ -	82,525
Construction in progress	53,834	-	-	53,834
	136,359	\$ -	\$ -	136,359
Depreciable capital assets:				
Buildings and improvements	1,252,255	\$ -	\$ -	1,252,255
Vehicles	397,076	-	-	397,076
Equipment	770,318	-	-	770,318
	2,419,649	\$ -	\$ -	2,419,649
Less accumulated depreciation	2,011,411	\$ 58,911	\$ -	2,070,322
Depreciable Capital Assets, net	408,238			349,327
Total Depreciable Capital Assets, net	\$ 12,696,785			\$ 12,001,337
Total Non-Depreciable Capital Assets	\$ 2,382,217			\$ 4,835,147

CITY OF ST. ROBERT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE I – CAPITAL ASSETS (continued)

	Balance December 31, 2017	Additions	Deletions	Balance December 31, 2018
Industrial Development Authority				
Depreciable capital assets				
Building and improvements	\$ 836,561	\$ -	\$ -	\$ 836,561
Total depreciable capital assets	836,561	\$ -	\$ -	836,561
Less accumulated depreciation	8,714	\$ 20,914	\$ -	29,628
Total depreciable capital assets, net	<u>\$ 827,847</u>			<u>\$ 806,933</u>

NOTE J – ASSESSED VALUATION, TAX LEVY, AND LEGAL DEBT MARGIN

The assessed valuation of the tangible property and the tax levy per \$100 assessed valuation of that property were as follows:

	2018
Assessed Valuation	
Real estate	\$ 85,283,549
Personal property	10,932,425
	<u>TOTAL \$ 96,215,974</u>
Tax Rate Per \$100 of Assessed Valuation	
General Fund	<u>\$.3593</u>

The legal debt margin at December 31, 2018, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional Debt Limit	\$ 9,621,597	\$ 9,621,597	\$ 19,243,194
General Obligation Bonds Payable	-	-	-
LEGAL DEBT MARGIN	<u>\$ 9,621,597</u>	<u>\$ 9,621,597</u>	<u>\$ 19,243,194</u>

NOTE J – ASSESSED VALUATION, TAX LEVY, AND LEGAL DEBT MARGIN (continued)

(1) Under Article VI, Section 26(b) and (c), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may incur an indebtedness for any purposes authorized in the charter of the City or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the City.

(2) Under Article VI, Section 26(d) and (e), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring rights-of-way, construction, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed twenty percent of the value of the taxable tangible property in the City.

NOTE K – DEFERRED REVENUE

Revenue has been deferred for receivables, which are not expected to be collected within sixty days of year-end but are expected to be collectible. Unearned revenue as of December 31, 2018, consists of the following:

	General Fund
Court fines	\$ 39,017
Ad valorem taxes	9,700
	<u>\$ 48,717</u>
	Electric Fund
Charges for services	<u>\$ 46,359</u>

NOTE L – EMPLOYEE PENSION PLAN

General Information about the Pension Plan

Plan Description. The City’s defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755.

NOTE L – EMPLOYEE PENSION PLAN

As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits Provided. LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

	<u>2018 Valuation</u>
Benefit Multiplier	1.5% for life
Final Average Salary	3 Years
Member Contributions	4%

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees Covered by Benefit Terms. At June 30, 2018, the following employees were covered by the benefit terms:

	<u>General</u>	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Inactive employees or beneficiaries currently receiving benefits	23	5	2	30
Inactive employees entitled to but not yet receiving benefits	19	10	5	34
Active employees	47	17	8	72
	<u>89</u>	<u>32</u>	<u>15</u>	<u>136</u>

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 4% of their gross pay to the pension plan. Employer contribution rates are 6.2% (General), 3.6% (Police) and 0.8% (Fire) of annual covered payroll.

NOTE L – EMPLOYEE PENSION PLAN (continued)

Net Pension Asset/Liability. The employer’s net pension asset was measured as of June 30, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2018.

Actuarial Assumptions. The total pension liability in the February 28, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.50% price inflation
Salary Increase	3.25% to 6.55% including wage inflation for general and police divisions 3.25% to 7.15% including wage inflation for fire division
Investment rate of return	7.25%, net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2018, valuation were based on the results of an actuarial experience study for the period March 1, 2010, through February 28, 2015.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	43.00%	5.16%
Fixed Income	26.00%	2.86%
Real Assets	21.00%	3.23%
Strategic Assets	10.00%	5.59%

CITY OF ST. ROBERT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE L – EMPLOYEE PENSION PLAN (continued)

Discount Rate. The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<i>General Division</i>			
Balances at beginning of year	\$ 5,903,965	\$ 5,777,622	\$ 126,343
Changes for the year:			
Service cost	175,772	-	175,772
Interest	426,488	-	426,488
Difference between expected and actual experiences	102,159	-	102,159
Contributions - employer	-	125,714	(125,714)
Contributions - employee	-	77,952	(77,952)
Net investment income	-	742,086	(742,086)
Benefits paid, including refunds	(219,265)	(219,265)	-
Administrative expenses	-	(7,172)	7,172
Other changes	-	95,097	(95,097)
Net Changes	485,154	814,412	(329,258)
Balances at end of year	6,389,119	6,592,034	(202,915)

CITY OF ST. ROBERT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE L – EMPLOYEE PENSION PLAN (continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<i>Police Division</i>			
Balances at beginning of year	2,119,463	2,318,476	(199,013)
Changes for the year:			
Service cost	60,276	-	60,276
Interest	153,826	-	153,826
Difference between expected and actual experiences	(96,443)	-	(96,443)
Contributions - employer	-	27,260	(27,260)
Contributions - employee	-	27,101	(27,101)
Net investment income	-	272,887	(272,887)
Benefits paid, including refunds	(55,657)	(55,657)	-
Administrative expenses	-	(1,964)	1,964
Other changes	-	(66,095)	66,095
Net Changes	62,002	203,532	(141,530)
Balances at end of year	2,181,465	2,522,008	(340,543)
<i>Fire Division</i>			
Balances at beginning of year	264,920	471,894	(206,974)
Changes for the year:			
Service cost	29,941	-	29,941
Interest	20,080	-	20,080
Difference between expected and actual experiences	34,287	-	34,287
Contributions - employer	-	6,323	(6,323)
Contributions - employee	-	11,197	(11,197)
Net investment income	-	57,913	(57,913)
Benefits paid, including refunds	(5,426)	(5,426)	-
Administrative expenses	-	(939)	939
Other changes	-	435	(435)
Net Changes	78,882	69,503	9,379
Balances at end of year	343,802	541,397	(197,595)
Total Plan Balances	\$ 8,914,386	\$ 9,655,439	\$ (741,053)

CITY OF ST. ROBERT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE L – EMPLOYEE PENSION PLAN (continued)

The net pension (asset) is allocated as follows:

Governmental Activities	\$ (643,654)
Business-Type Activities	<u>(97,399)</u>
	<u><u>\$ (741,053)</u></u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following present the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
<i>General Division</i>			
Total Pension Liability	\$ 7,433,910	\$ 6,389,119	\$ 5,537,749
Fiduciary Net Position	<u>6,592,034</u>	<u>6,592,034</u>	<u>6,592,034</u>
Net Pension Liability (Asset)	841,876	(202,915)	(1,054,285)
<i>Police Division</i>			
Total Pension Liability	2,533,120	2,181,465	1,896,152
Fiduciary Net Position	<u>2,522,008</u>	<u>2,522,008</u>	<u>2,522,008</u>
Net Pension Liability (Asset)	<u>11,112</u>	<u>(340,543)</u>	<u>(625,856)</u>
<i>Fire Division</i>			
Total Pension Liability	426,870	343,802	279,929
Fiduciary Net Position	<u>541,397</u>	<u>541,397</u>	<u>541,397</u>
Net Pension Liability (Asset)	<u>(114,527)</u>	<u>(197,595)</u>	<u>(261,468)</u>
Total Net Pension Liability (Asset)	<u><u>\$ 738,461</u></u>	<u><u>\$ (741,053)</u></u>	<u><u>\$ (1,941,609)</u></u>

CITY OF ST. ROBERT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE L – EMPLOYEE PENSION PLAN (continued)

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

For the year ended 2018, the employer recognized a pension credit of \$12,532 in the general division, a pension expense of \$56,089 in the police division, and a pension credit of \$7,132 in the fire division. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Deferred Outflows (Inflows) of Resources
<i>General Division</i>			
Differences in experiences	\$ 86,648	\$ (394,988)	\$ (308,340)
Differences in assumptions	171,541	(44,218)	127,323
Excess (deficit) investment returns	-	(196,211)	(196,211)
Contributions subsequent to the measurement date*	54,561	-	54,561
	<u>312,750</u>	<u>(635,417)</u>	<u>(322,667)</u>
<i>Police Division</i>			
Differences in experiences	-	(227,040)	(227,040)
Differences in assumptions	39,174	-	39,174
Excess (deficit) investment returns	-	(59,880)	(59,880)
Contributions subsequent to the measurement date*	11,741	-	11,741
	<u>50,915</u>	<u>(286,920)</u>	<u>(236,005)</u>
<i>Fire Division</i>			
Differences in experiences	30,926	(120,845)	(89,919)
Differences in assumptions	5,874	-	5,874
Excess (deficit) investment returns	-	(15,918)	(15,918)
Contributions subsequent to the measurement date*	2,763	-	2,763
	<u>39,563</u>	<u>(136,763)</u>	<u>(97,200)</u>
Total	<u>\$ 403,228</u>	<u>\$ (1,059,100)</u>	<u>\$ (655,872)</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an addition/reduction to the net pension asset/liability for the year ending December 31, 2019.

CITY OF ST. ROBERT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE L – EMPLOYEE PENSION PLAN (continued)

Deferred outflows and inflows have been allocated as follows:

Governmental Activities	\$ 253,108	\$ (754,100)	\$ (500,992)
Business-Type Activities	150,119	(305,000)	(154,881)
	<u>\$ 403,227</u>	<u>\$ (1,059,100)</u>	<u>\$ (655,873)</u>

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	General	Police	Fire	Total
	Net Deferred Outflows (Inflows) of Resources	Net Deferred Outflows (Inflows) of Resources	Net Deferred Outflows (Inflows) of Resources	Net Deferred Outflows (Inflows) of Resources
2019	\$ 27,101	\$ (21,614)	\$ (9,072)	\$ (3,585)
2020	(79,314)	(54,902)	(15,944)	(150,160)
2021	(156,394)	(85,666)	(21,205)	(263,265)
2022	(107,823)	(60,365)	(17,230)	(185,418)
2023	(15,330)	(13,458)	(12,574)	(41,362)
Thereafter	9,093	-	(21,175)	(12,082)
Total	<u>\$ (322,667)</u>	<u>\$ (236,005)</u>	<u>\$ (97,200)</u>	<u>\$ (655,872)</u>

Payable to the Pension Plan

The City had no outstanding amounts of contributions to the pension plan required for the year ended December 31, 2018.

NOTE M – ECONOMIC DEPENDENCY

The City of St. Robert's economy is largely dependent on the revenues derived from military personnel stationed at Fort Leonard Wood, Missouri, which adjoins the city limits. Fort Leonard Wood's population changes have a substantial influence on the local economy. The closing of the military base would have a significant impact on the operations of the City.

CITY OF ST. ROBERT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE N – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has transferred its risk by obtaining coverage from a public self-insured insurance pool. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

NOTE O – CLAIMS AND ADJUSTMENTS

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. As of December 31, 2018, expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

NOTE P – INTERFUND TRANSFERS

Transfers between funds of the City for the year ended December 31, 2018, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,833,500	\$ -
Street Fund	366,302	-
Park and Pool Fund	135,013	-
Capital Improvement Sales Tax Fund	-	1,277,662
Interstate Plaza Project Fund	-	13,497
TIF #2 Debt Service Fund	-	313,669
Electric Fund	-	1,079,511
Water and Sewer Fund	289,724	-
Gas Fund	200,000	-
Solid Waste Transfer Station Fund	-	140,200
	<u>\$ 2,824,539</u>	<u>\$ 2,824,539</u>

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them.

CITY OF ST. ROBERT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE Q – INTERNAL BALANCES

Internal balances as of December 31, 2018, consisted of the following:

	General Fund	Street Fund	Interstate Plaza Project Fund	TIF #1 Debt Sevice Fund	TIF #3 Debt Sevice Fund	Electric Fund	Water and Sewer Fund	Solid Waste Transfer Station Fund
Internal balances	<u>\$ (825,824)</u>	<u>\$ (156,213)</u>	<u>\$ 25,000</u>	<u>\$ 263,597</u>	<u>\$ 54,795</u>	<u>\$ 141,916</u>	<u>\$ 395,367</u>	<u>\$ 101,362</u>

During the course of its operations, the City has numerous transactions between funds to finance operation, provide services, construct assets and service debt. To the extent that certain transactions between funds had not been paid or received as of December 31, 2018, balances of interfund amounts receivable or payable have been recorded within the fund financial statements.

NOTE R – ARBITRAGE PAYABLE

Under certain provisions in the Federal Tax Code and the 1999A State of Missouri Revolving Fund Combined Waterworks and Sewerage System Revenue Bond ordinance, the City is required to rebate arbitrage earnings of tax-exempt debt to the federal government every five years as long as the bonds remain outstanding. Arbitrage earnings occur when the City invests proceeds from its low-interest, tax-exempt debt issue into securities with a higher interest yield. The City had arbitrage earnings during 2018, which reduced interest income and resulted in a long-term liability of \$453 in the Water and Sewer Fund.

NOTE S – PLEDGED REVENUES

The City has pledged future sales tax and utility customer revenues to repay the various revenue bond and lease certificates of participation issued to improve and develop utilities. The bonds are payable solely from customer net revenues and are payable through 2033. Net revenues are revenues of the system less expenses of the system with the exception of depreciation. The lease certificate of participation is payable from a combination of capital improvement sales tax revenues and customer net revenues through 2029.

CITY OF ST. ROBERT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE S – PLEDGED REVENUES (continued)

Pledged revenue for the enterprise funds of the City are as follows:

	Total Principal, Interest, and Fees Remaining	Principal, Interest, and Fees Paid in the Current Year	Total Customer Net Revenues
WATER AND SEWER FUND			
1998 Revenue Bonds	\$ -	\$ 31,463	
1999A Revenue Bonds	87,758	45,445	
2005 MAMU Lease Certificate of Participation	2,273,270	347,161	
2017 Revenue Bonds	5,961,116	126,198	
	<u>\$ 8,322,144</u>	<u>\$ 550,267</u>	<u>\$ 969,387</u>
ELECTRIC FUND			
2005 MAMU Lease Certificate of Participation	<u>\$ 441,137</u>	<u>\$ 66,923</u>	<u>\$ 1,705,283</u>
GAS FUND			
2012 Refunding Revenue Bonds	\$ 261,120	\$ 149,650	
2005 MAMU Lease Certificate of Participation	19,630	4,183	
	<u>\$ 280,750</u>	<u>\$ 153,833</u>	<u>\$ 150,997</u>

NOTE T – TAX ABATEMENTS

As of December 31, 2018, the City and its discretely presented component unit provide tax abatements under the Real Property Tax Increment Allocation Redevelopment Act (Tax Incremental Financing).

Tax Incremental Financing is an economic development tool which redirects local tax revenues towards the redevelopment of eligible properties that are otherwise economically unfeasible. Sections 99.800-99.865, RSMo, the Real Property Tax Increment Allocation Redevelopment Act, enables cities to finance certain redevelopment costs with the incremental tax revenue generated by the net increase in assessed valuation resulting from the redevelopment. Real estate taxes in the redevelopment area are frozen at the current level or base valuation. The increased assessed valuation resulting from the redevelopment is referred to as payments in lieu of taxes (PILOT). PILOTs for each TIF district are collected by the County Collector and distributed to the cities that authorized the TIF, these funds are then distributed to a TIF special allocation fund or other political subdivisions.

CITY OF ST. ROBERT, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE T – TAX ABATEMENTS (continued)

In addition, pursuant to Section 99.845, RSMo, of the Redevelopment Act, fifty percent of the total additional revenue from the taxes which are imposed by the City or other Taxing Districts, and which are generated by economic activity within the Redevelopment Area in excess of the amount of such taxes generated by the Redevelopment Area for the calendar year prior to the adoption of the project ordinance will be used to pay or repay reimbursable project costs or obligations.

For the year ended December 31, 2018, the City's property tax revenues were reduced by \$18,602 and economic activity taxes were reduced by \$162,320 under the agreements entered into. The economic activity taxes of the City's discretely presented component unit were reduced by \$30,068.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ST. ROBERT, MISSOURI
SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS
Year Ended December 31, 2018

Missouri Local Government Employees Retirement System (LAGERS)

	2018	2017	2016	2015
TOTAL PENSION LIABILITY				
Service cost	\$ 265,989	\$ 264,614	\$ 286,460	\$ 338,025
Interest on the total pension liability	600,394	579,481	541,441	541,528
Difference between expected and actual experience	40,003	(254,766)	(280,787)	(595,231)
Changes of assumptions	-	(62,658)	365,197	-
Benefit payments, including refunds	(280,348)	(307,979)	(334,316)	(188,604)
NET CHANGE IN TOTAL PENSION LIABILITY	626,038	218,692	577,995	95,718
TOTAL PENSION LIABILITY, BEGINNING	8,288,348	8,069,656	7,491,661	7,395,943
TOTAL PENSION LIABILITY, ENDING	8,914,386	8,288,348	6,069,656	7,491,661
PLAN FIDUCIARY NET POSITION				
Contributions - employer	159,297	178,558	193,748	237,065
Contributions - employee	116,250	117,249	116,700	131,452
Pension plan net investment income	1,072,886	915,310	(1,696)	155,649
Benefit payments, including refunds	(280,348)	(307,979)	(334,316)	(188,604)
Pension plan administrative expense	(10,075)	(9,609)	(9,257)	(10,905)
Other	29,437	(46,584)	(73,361)	186,758
NET CHANGE IN PLAN FIDUCIARY NET POSITION	1,087,447	846,945	(108,182)	511,415
PLAN FIDUCIARY NET POSITION, BEGINNING	8,567,992	7,721,047	7,829,229	7,317,846
PLAN FIDUCIARY NET POSITION, ENDING	9,655,439	8,567,992	7,721,047	7,829,261
EMPLOYER NET PENSION (ASSET) LIABILITY	\$ (741,053)	\$ (279,644)	\$ 348,609	\$ (337,600)
Plan fiduciary net position as a percentage of the total pension liability	116.49%	106.18%	103.06%	105.86%
Covered employee payroll	\$ 2,836,299	\$ 2,764,391	\$ 2,769,788	\$ 3,232,392
Employer's net pension (asset) liability as a percentage of covered employee payroll	26.13%	10.12%	-12.59%	10.44%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CITY OF ST. ROBERT, MISSOURI
SCHEDULE OF CONTRIBUTIONS
Year Ended December 31, 2018

Missouri Local Government Employees Retirement System (LAGERS)
Schedule of Contributions
Last 10 Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution	\$ 143,324	\$ 173,032	\$ 178,268	\$ 214,565	\$ 258,501	\$ 276,487	\$ 265,294	\$ 248,920	\$ 185,061	\$ 120,911
Contributions in relation to the actuarially determined contribution	<u>143,324</u>	<u>173,032</u>	<u>178,268</u>	<u>214,565</u>	<u>258,500</u>	<u>276,486</u>	<u>265,294</u>	<u>248,920</u>	<u>159,558</u>	<u>120,911</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,503</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,847,413	\$ 2,911,172	\$ 2,858,418	\$ 3,075,250	\$ 3,467,988	\$ 3,516,884	\$ 3,224,008	\$ 3,166,849	\$ 3,249,748	\$ 3,069,848
Contributions as a percentage of covered-employee payroll	5.03%	5.94%	6.24%	6.98%	7.45%	7.86%	8.23%	7.86%	4.91%	3.94%

CITY OF ST. ROBERT, MISSOURI
NOTES TO SCHEDULE OF CONTRIBUTIONIS
Year Ended December 31, 2018

Valuation Date: February 28, 2018

Notes: The roll-forward of total pension liability from February 28, 2018, to June 30, 2018, reflects expected service cost and interest reduced by actual benefit payments.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method – Entry Age Normal and Modified Terminal Funding

Amortization Method – A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, the amount is amortized over the greater of the greater of (i) the remaining initial amortization period or (ii) 15 years.

Remaining Amortization Period – Multiple bases from 11 to 15 years for general division
15 years for the police and fire divisions

Asset Valuation Method – 5-Year smoothed market; 20% corridor

Inflation – 3.25% wage inflation; 2.50% price inflation

Salary Increases – 3.25% to 6.55% including wage inflation for the general and police divisions
3.25% to 7.15% including wage inflation for fire division

Investment Rate of Return – 7.25%, net of investment expenses

Retirement Age – Experience-based table of rates that are specific to the type of eligibility condition

Mortality – The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Other Information – None.

CITY OF ST. ROBERT, MISSOURI
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Ad valorem taxes	\$ 340,000	\$ 340,000	\$ 324,173	\$ (15,827)
City sales tax	2,300,000	2,370,000	2,232,597	(137,403)
Surcharge tax	76,000	80,700	80,600	(100)
Utility franchise tax	87,000	98,000	69,342	(28,658)
Financial institution taxes	2,000	2,000	738	(1,262)
Railroad and utility tax	300	300	245	(55)
	<u>2,805,300</u>	<u>2,891,000</u>	<u>2,707,695</u>	<u>(183,305)</u>
Licenses and Permits				
Occupational licenses	6,300	10,000	7,100	(2,900)
Liquor licenses	21,300	21,300	19,981	(1,319)
Building permits	20,500	19,585	7,030	(12,555)
Other licenses and permits	11,350	18,950	9,298	(9,652)
	<u>59,450</u>	<u>69,835</u>	<u>43,409</u>	<u>(26,426)</u>
Intergovernmental Revenues				
Federal and state grants	5,000	136,900	136,890	(10)
Charges for Services				
Solid waste collection	170,000	171,500	184,850	13,350
Rental income	162,034	172,634	159,739	(12,895)
	<u>332,034</u>	<u>344,134</u>	<u>344,589</u>	<u>455</u>
Fines and Forfeitures				
City court fines	138,850	166,750	177,080	10,330
Miscellaneous				
Interest	20,000	52,000	63,791	11,791
Other	45,610	65,550	50,816	(14,734)
	<u>65,610</u>	<u>117,550</u>	<u>114,607</u>	<u>(2,943)</u>
TOTAL REVENUES	<u>3,406,244</u>	<u>3,726,169</u>	<u>3,524,270</u>	<u>(201,899)</u>

CITY OF ST. ROBERT, MISSOURI
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (continued)
Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
EXPENDITURES				
Current				
Administrative	1,721,199	1,693,910	1,553,019	140,891
Fire	654,346	694,140	992,360	(298,220)
Public safety	1,464,342	1,527,334	1,446,981	80,353
Municipal court	152,915	129,526	127,410	2,116
Park	-	5,300	5,212	88
Information technology	221,295	232,226	220,228	11,998
Building code department	106,473	109,821	104,552	5,269
Capital outlay	222,000	309,370	384,574	(75,204)
Debt service	459,529	722,178	383,567	338,611
TOTAL EXPENDITURES	<u>5,002,099</u>	<u>5,423,805</u>	<u>5,217,903</u>	<u>205,902</u>
(DEFICIT) OF REVENUES				
OVER EXPENDITURES	(1,595,855)	(1,697,636)	(1,693,633)	4,003
OTHER FINANCING SOURCES				
Operating transfers in	<u>1,595,855</u>	<u>1,697,636</u>	<u>1,833,500</u>	<u>135,864</u>
TOTAL OTHER FINANCING SOURCES	<u>1,595,855</u>	<u>1,697,636</u>	<u>1,833,500</u>	<u>135,864</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	-	-	139,867	139,867
FUND BALANCE, January 1	<u>1,198,221</u>	<u>1,198,221</u>	<u>1,198,221</u>	<u>-</u>
FUND BALANCE, December 31	<u>\$ 1,198,221</u>	<u>\$ 1,198,221</u>	<u>\$ 1,338,088</u>	<u>\$ 139,867</u>

CITY OF ST. ROBERT, MISSOURI
BUDGETARY COMPARISON SCHEDULE – STREET FUND
Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Transportation sales tax	\$ 1,101,096	\$ 1,167,000	\$ 1,175,496	\$ 8,496
Motor vehicle tax	167,000	178,000	175,320	(2,680)
	1,268,096	1,345,000	1,350,816	5,816
Miscellaneous				
Interest	50	50	310	260
Other	3,100	12,200	31,058	18,858
	3,150	12,250	31,368	19,118
TOTAL REVENUES	1,271,246	1,357,250	1,382,184	24,934
EXPENDITURES				
Current				
Street	1,189,349	1,535,591	1,565,580	(29,989)
Debt service				
Principal and interest	161,897	161,897	160,712	1,185
TOTAL EXPENDITURES	1,351,246	1,697,488	1,726,292	(28,804)
(DEFICIT) OF REVENUES OVER EXPENDITURES	(80,000)	(340,238)	(344,108)	(3,870)
OTHER FINANCING SOURCES				
Operating transfers in	80,000	340,238	366,302	26,064
TOTAL OTHER FINANCING SOURCES	80,000	340,238	366,302	26,064
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	-	-	22,194	22,194
FUND BALANCE, January 1	229,722	229,722	229,722	-
FUND BALANCE, December 31	\$ 229,722	\$ 229,722	\$ 251,916	\$ 22,194

CITY OF ST. ROBERT, MISSOURI
BUDGETARY COMPARISON SCHEDULE – PARK AND POOL FUND
Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Park sales tax	\$ 549,899	\$ 582,000	\$ 587,555	\$ 5,555
Charges for services	153,150	149,300	148,005	(1,295)
Miscellaneous				
Interest	1,200	1,200	934	(266)
Misc	32,500	39,665	34,461	(5,204)
	<u>33,700</u>	<u>40,865</u>	<u>35,395</u>	<u>(5,470)</u>
TOTAL REVENUES	736,749	772,165	770,955	(1,210)
EXPENDITURES				
Curent				
Park and pool	287,085	287,634	287,944	(310)
Debt service				
Principal and interest	<u>526,820</u>	<u>526,882</u>	<u>523,614</u>	<u>3,268</u>
TOTAL EXPENDITURES	<u>813,905</u>	<u>814,516</u>	<u>811,558</u>	<u>2,958</u>
(DEFICIT) OF REVENUES OVER EXPENDITURES	(77,156)	(42,351)	(40,603)	1,748
OTHER FINANCING SOURCES				
Operating transfers in	<u>77,156</u>	<u>42,351</u>	<u>135,013</u>	<u>92,662</u>
TOTAL OTHER FINANCING SOURCES	<u>77,156</u>	<u>42,351</u>	<u>135,013</u>	<u>92,662</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	-	-	94,410	94,410
FUND BALANCE, January 1	<u>565,845</u>	<u>565,845</u>	<u>565,845</u>	-
FUND BALANCE, December 31	<u>\$ 565,845</u>	<u>\$ 565,845</u>	<u>\$ 660,255</u>	<u>\$ 94,410</u>

CITY OF ST. ROBERT, MISSOURI
BUDGETARY COMPARISON SCHEDULE – CAPITAL IMPROVEMENT SALES TAX FUND
Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Capital improvement sales tax	\$ 1,123,586	\$ 1,185,000	\$ 1,197,084	\$ 12,084
TOTAL REVENUES	1,123,586	1,185,000	1,197,084	12,084
EXPENDITURES				
Curent				
Capital projects	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	1,123,586	1,185,000	1,197,084	12,084
OTHER FINANCING (USES)				
Operating transfers (out)	(1,123,586)	(1,185,000)	(1,277,662)	(92,662)
TOTAL OTHER FINANCING (USES)	(1,123,586)	(1,185,000)	(1,277,662)	(92,662)
(DEFICIT) OF REVENUES OVER EXPENDITURES AND OTHER (USES)	-	-	(80,578)	(80,578)
FUND BALANCE, January 1	292,980	292,980	292,980	-
FUND BALANCE, December 31	\$ 292,980	\$ 292,980	\$ 212,402	\$ (80,578)

CITY OF ST. ROBERT, MISSOURI
BUDGETARY COMPARISON SCHEDULE – INTERSTATE PLAZA PROJECT FUND
Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Miscellaneous				
Interest	\$ -	\$ 2,000	\$ 1,813	\$ (187)
TOTAL REVENUES	-	2,000	1,813	(187)
EXPENDITURES				
Current				
Interstate Plaza Project	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	-	2,000	1,813	(187)
OTHER FINANCING (USES)				
Operating transfers (out)	-	-	(13,497)	(13,497)
TOTAL OTHER FINANCING (USES)	-	-	(13,497)	(13,497)
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES AND OTHER (USES)	-	2,000	(11,684)	(13,684)
FUND BALANCE, January 1	74,489	74,489	74,489	-
FUND BALANCE, December 31	\$ 74,489	\$ 76,489	\$ 62,805	\$ (13,684)

CITY OF ST. ROBERT, MISSOURI
NOTE TO BUDGETARY COMPARISON SCHEDULES
Year Ended December 31, 2018

Budgets and Budgetary Accounting

The City utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to January, Administration submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditure plans for all fund types and the proposed means of financing them.
2. One public hearing is conducted by the Board of Aldermen in late November or early December to obtain taxpayers' comments on the proposed budget and tax levy.
3. Prior to January 1, ordinances are passed by the Board, which provide for legally adopted budgets for all funds of the City.
4. Formal budgetary integration is employed as a management control device for all funds of the City.
5. Budgets are adopted on a basis consistent with GAAP. Budgeted amounts may be amended during the year by the Board of Aldermen on approved budget adjustment forms.

OTHER REPORTING REQUIREMENTS



**INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and Board of Aldermen
City of St. Robert
St. Robert, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the discretely presented component unit of the City of St. Robert, Missouri, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of St. Robert, Missouri's basic financial statements, and have issued our report thereon, dated July 26, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of St. Robert, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of St. Robert, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Member of The Leading Edge Alliance

Honorable Mayor and City Council
City of St. Robert
St. Robert, Missouri

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, that we consider to be a material weakness. It is identified as item 2018-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of St. Robert, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of St. Robert, Missouri's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of St. Robert, Missouri's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of St. Robert, Missouri's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
July 26, 2019

CITY OF ST. ROBERT, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2018

MATERIAL WEAKNESS

2018-001 Segregation of duties

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The City currently has personnel in place to handle the accounting needs of the City. There are some mitigating controls in place but it is not possible to have segregation in all areas.

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel prohibits segregation of incompatible duties and the City does not have the resources to hire additional accounting personnel.

APPENDIX C

DEFINITIONS OF WORDS AND TERMS

AND

SUMMARY OF THE DOCUMENTS

DEFINITIONS OF WORDS AND TERMS

The Series 2020 Certificates are being insured by Assured Guaranty Municipal Corp. (the “Insurer”). To the extent the following words and terms are inconsistent with the requirements of the Insurer set forth under “REQUIREMENTS OF THE INSURER” in this Appendix C, such Insurer requirements govern.

In addition to words and terms defined elsewhere in this Official Statement, the following are definitions of certain words and terms used in the Indenture, the Lease, the Ground Lease and this Official Statement unless the context clearly otherwise requires. Reference is hereby made to the Indenture, the Lease and the Ground Lease for complete definitions of all terms.

“Additional Certificates” means any additional certificates of participation delivered pursuant to the Indenture.

“Additional Project” means any capital improvements that are financed with the proceeds of Additional Certificates delivered pursuant to the Indenture for the use and benefit of the City.

“Arbitrage Investment Instructions” means the Arbitrage Investment and Rebate Instructions included in the City’s Tax Compliance Agreements, as amended from time to time in accordance with the provisions thereof.

“Authorized City Representative” means the Mayor, City Administrator or City Clerk of the City, or such other person at the time designated as the person or persons authorized to act on behalf of the City.

“Base Rentals” means the amount or amounts (comprising a Principal Component and an Interest Component) payable by the City pursuant to the Lease in consideration of the use and enjoyment of the Leased Property during the term of the Lease, as such may be revised as provided in the Lease and the Indenture.

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

“Certificate Payments” means the payments to be made to the Owners of the Certificates, whether representing an Interest Component only or a Principal Component and Interest Component of Base Rentals under the Lease.

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

“Costs of Delivery” means all items of expense directly or indirectly payable by or reimbursable to the City and related to the authorization, execution, sale and delivery of the Certificates.

“Defeasance Obligations” means any of the following obligations:

- (a) Cash.
- (b) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series – “SLGS”).

- (c) Direct obligations of the Treasury which have been stripped by the Treasury itself.
- (d) Resolution Funding Corp. (REFCORP) Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.
- (e) Pre-refunded municipal bonds rated “AAA” by S&P, pre-refunded with cash, direct U.S. or U.S. guaranteed obligations.

“Directive” means an instrument in writing executed in one or more counterparts by the Owners of Certificates, as determined from the Register, or their lawful attorneys-in-fact, representing no less than a majority of the aggregate unpaid Principal Component represented by the then Outstanding Certificates.

“Event of Default” means an Event of Default as described in the Indenture.

“Event of Lease Default” means an Event of Default under the Lease.

“Event of Nonappropriation” shall have the meaning set forth in the Lease.

“Fiscal Year” means the fiscal year of the City, currently the twelve-month period beginning on January 1 and ending on December 31.

“Funds” means, collectively, the Construction Fund, the Certificate Payment Fund, the Reserve Fund, the Prepayment Fund and the Rebate Fund.

“Initial Term” means the term of the Lease from the delivery of the Lease to the end of the then-current Fiscal Year of the City.

“Interest Component” means the portion of each Base Rental that represents the payment of interest as set forth in the Lease.

“Investment Securities” means any of the securities and obligations falling under such definition in the Indenture, if and to the extent the same are at the time legal for investment of the City’s moneys held in the Funds referred to in the Indenture.

“Lease Revenues” means the Base Rentals, Supplemental Rent and all other amounts due and owing pursuant to or with respect to the Lease, including prepayments, Net Proceeds and any and all interest, profits or other income derived from the investment thereof in any fund established pursuant to the Indenture.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee.

“Net Proceeds” means, when used with regard to any insurance or condemnation award with respect to the Leased Property, the gross proceeds from the insurance or condemnation award less the payment of all expenses (including attorneys’ fees, Trustee’s fees and any extraordinary expenses of the Trustee) incurred in the collection of such gross proceeds.

“Notice by Mail” or **“Notice”** of any action or condition **“by Mail”** means a written notice meeting the requirements of the Indenture mailed by first-class mail to the Owners of specified Certificates, at the addresses shown on the Register.

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

“Option Price” means the price as specified in the Lease at which the City may elect to purchase from the Trustee the Trustee’s interest in the Leased Property on the Optional Prepayment Date prior to the scheduled payment of all sums to be paid for the Trustee’s interest in the Leased Property, as such Schedule may be revised in accordance with the Indenture.

“Optional Prepayment Date” means any date on which Certificates may be prepaid pursuant to the Indenture and the Certificates.

“Outstanding” means, as of the date of determination, all Certificates theretofore executed and delivered pursuant to the Indenture except (i) Certificates theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation, (ii) Certificates for the transfer or exchange of or in lieu of or in substitution for which other Certificates have been executed and delivered by the Trustee pursuant to the Indenture, (iii) Certificates whose payment or prepayment has been provided for in accordance with the Indenture, and (iv) Certificates paid or deemed to be paid pursuant to the Indenture.

“Owner” or **“Registered Owner”** means the registered owner of a Certificate as shown on the Register.

“Payment Date” means each date on which payment of the Principal or Interest Component of Base Rentals represented by the Certificates is due and payable to an Owner.

“Payments” means the total amount of the Base Rentals and the Supplemental Rent payable during the Initial Term and each Renewal Term of the Lease.

“Permitted Encumbrances” means, as of any particular time, (i) liens for taxes and assessments not then delinquent; (ii) the Ground Lease, the Lease, the Indenture and any financing statements naming the City as debtor and naming the Trustee as secured party now or hereafter filed to perfect the security interests granted by the Indenture, the Ground Lease or the Lease; (iii) utility, access and other easements and rights-of-way, restrictions, exceptions and encumbrances that will not materially interfere with or materially impair the use of the Leased Property as a municipal center, civic center, community center, aquatic center, municipal golf course and public works facility; and (iv) such defects, irregularities, encumbrances, easements, mechanics’ liens, rights-of-way and clouds on title as normally exist with respect to property similar in character to the Leased Property and do not materially impair the property affected thereby for the purpose for which it was acquired or is held by the Trustee or the City.

“Prepayment Date” means any date set for prepayment of the Principal Component of Base Rentals represented by Certificates.

“Prepayment Price” means, with respect to any Certificate (or portion thereof), the Prepayment Price as calculated in the Indenture and in the Certificates.

“Principal Component” means the portion of each Base Rental that represents the payment of principal as set forth in the Lease.

“Project” means the improvements and property described in the Original Lease, the Series 2011 Project and any Additional Project for the City.

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

“Record Date” means, with respect to any Payment Date, the fifteenth day (whether or not a Business Day) of the month preceding each Payment Date.

“Register” means the books maintained by the Trustee for the registration, transfer and exchange of Certificates as described in the Indenture.

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

“Renewal Term” shall have the meaning specified in the Lease.

“Reserve Policy” means a surety bond or similar instrument issued by a bank, insurance company or other financial institution with a credit rating in one of the two highest rating categories of any nationally recognized rating service (without regard to any refinements of gradation of any rating category by numerical modifier or otherwise), for the purpose of satisfying the Reserve Requirement with respect to the Series 2020 Certificates, which policy guarantees payments into the Reserve Fund in accordance with the requirements of this Indenture.

“Reserve Requirement” means, with respect to the Series 2017 Certificates, an amount equal to \$315,651; with respect to the Series 2020 Certificates, an amount equal to \$ _____; and with respect to any series of Additional Certificates, the amount specified in the Supplemental Indenture authorizing such series of Certificates; provided that, with respect to the Series 2020 Certificates only, the Reserve Requirement may be met by a Reserve Policy.

“S&P” means Standard & Poor’s Ratings Group, 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, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee.

“Special Counsel” means Gilmore & Bell, P.C. or any other attorney or firm of attorneys (which is mutually acceptable to the City and the Trustee) of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on obligations issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

“Supplemental Indenture” means any indenture supplemental or amendatory to the Indenture executed by the Trustee and the City pursuant to the Indenture.

“Supplemental Rent” means the amount or amounts payable by the City pursuant to the Lease for other costs and expenses related to the Certificates.

“Term of the Lease” or **“Term of this Lease”** with respect to the possessory interest of the City means the Initial Term and any Renewal Terms as to which the City exercises its option to renew the Lease as provided in the Lease.

“Trust Estate” means the Trust Estate described in the Granting Clauses of the Indenture.

“Trustee’s Expenses” means, collectively, all out-of-pocket expenses, disbursements and advances (including reasonable attorneys’ fees and expenses) incurred by the Trustee under the Indenture or in connection with the Certificates, the Ground Lease and the Lease.

“United States Government Obligations” means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payments on obligations issued or guaranteed by the United States of America (including the interest component of obligations of the Resolution Funding Corporation), or securities which represent an undivided interest in such obligations, which obligations are rated in the highest rating category by a nationally recognized rating service, and such obligations are held in a custodial or trust account for the benefit of the City.

SUMMARY OF THE INDENTURE

The following is a summary of certain provisions contained in the Indenture. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Indenture for a complete recital of the terms thereof.

Trust Estate

The City transfers in trust, pledges and assigns to the Trustee the property described below (said property being in the Indenture called the “Trust Estate”), to wit:

- (a) All right, title and interest of the Trustee in, to and under (1) the Ground Lease; (2) the Lease (except for the right of the Trustee to receive moneys for its own account under the Lease and any payments made by the Trustee to meet the rebate requirements of Section 148(f) of the Code); and (3) all financing statements or other instruments or documents evidencing, securing or otherwise relating to the Lease; and
- (b) All moneys and securities from time to time held by the Trustee under the terms of the Indenture pledged, and any and all other personal property of every kind and nature from time to time, assigned or transferred as additional security under the Indenture to the Trustee.

Establishment of Funds

There have been established with the Trustee the following funds:

- (a) Construction Fund;
- (b) Certificate Payment Fund;
- (c) Reserve Fund;
- (d) Prepayment Fund; and
- (e) Rebate Fund.

All Funds identified above shall be held by the Trustee in trust and, except for the Rebate Fund, for the benefit of the Certificate Owners. The money in all of the Funds shall be applied as provided. Separate subaccounts shall be established for each series of Certificates or as otherwise required by the Indenture.

In addition, the Escrow Agreement establishes the Escrow Fund to be held and administered by the Escrow Agent in accordance with the provisions of the Escrow Agreement.

Disbursements from the Construction Fund

The Trustee shall pay Costs of Delivery from the Construction Fund upon receipt of Disbursement Requests signed by an Authorized City Representative. In the event of acceleration of all the Certificates pursuant to the Indenture, any moneys then remaining in the Construction Fund shall, after the payment of amounts due from the Construction Fund, be transferred to the Certificate Payment Fund.

Application of Moneys in the Certificate Payment Fund

Except as otherwise provided in the Indenture, all amounts in the Certificate Payment Fund shall be used and withdrawn by the Trustee solely to pay the Interest Components of Base Rentals represented by the Certificates when due and payable (including accrued interest with respect to any Certificates prepaid prior to the stated payment date thereon pursuant to the Indenture) and to pay the Principal Components of Base Rentals represented by Certificates (including any prepayments pursuant to the Indenture).

Application of Moneys in the Reserve Fund

Moneys in the Reserve Fund shall be used solely (i) to make up any deficiencies in the Certificate Payment Fund and, if moneys in the Certificate Payment Fund are insufficient to pay the Principal Component or the Interest Component of Base Rentals as the same become due, the Trustee shall transfer an amount sufficient to make up such deficiency from the Reserve Fund to the Certificate Payment Fund or (ii) to make Base Rentals, or deposits to the Certificate Payment Fund to make such payments, in the amount and at the time specified to the Trustee in a written request by the City and, if the Trustee receives any such request, it shall transfer the amount specified therein on the date specified therein.

The Investment Securities held in the Reserve Fund are required to be valued at the market value thereof. The Trustee is required to value the Reserve Fund as of the first Business Day of each April and October, and on any date that there is a draw on the Reserve Fund. If on any valuation date the Reserve Fund exceeds an amount that is equal to the Reserve Requirement, the Trustee must transfer the excess to the Certificate Payment Fund. If on any valuation date the amount in the Reserve Fund is less than 95% of the Reserve Requirement from a decline in market value, the City shall replenish the Reserve Fund on or before the next succeeding valuation date. If on any valuation date the amount in the Reserve Fund is less than the Reserve Requirement caused by a draw upon the Reserve Fund, the City shall replenish the Reserve Fund within twelve months of the date of the deficiency.

On the first business day of April and October of each year, the Trustee is required to transfer any interest or profit received with respect to any Investment Securities held in the Reserve Fund to the Certificate Payment Fund so long as the amount remaining on deposit in the Reserve Fund after such transfer would be at least equal to the Reserve Requirement.

Prepayment Fund

All monies to be used for the prepayment of Certificates shall be deposited in the Prepayment Fund. Said monies shall be set aside in the Prepayment Fund solely for the purpose of prepaying the Principal Component and Interest Component of Base Rentals represented by the Certificates, together with premium, if any, with respect thereto, in advance of the stated payment dates of the Certificates and shall be applied on or

after the Optional Prepayment Date or other date designated for prepayment of the Certificates upon presentation and surrender of such Certificates and the payment of the Prepayment Price. The City shall have no legal or equitable interest in any of the monies in the Prepayment Fund and such monies shall only be used as set forth in this Section.

Insurance

All Net Proceeds (including any monies derived from any self-insurance program) from policies of insurance required by the Lease or condemnation awards which are received by the Trustee shall be deposited into a separate subaccount in the Construction Fund. The Authorized City Representative shall file a certificate with the Trustee, within ninety (90) days after the occurrence of the event giving rise to such Net Proceeds, directing the application and disbursement of such funds as follows:

(a) to the prompt repair, replacement, restoration, modification or improvement of the damaged or destroyed portion of the Leased Property if such certificate states that such Net Proceeds, together with any other funds lawfully available to the City for such purpose, are sufficient to pay in full the costs of such repair, replacement, restoration, modification or improvement, and the Trustee is authorized to disburse monies from the Construction Fund as so directed by the Authorized City Representative upon receipt of evidence satisfactory to the Trustee of the application of such funds for such purpose; or

(b) for transfer to the Prepayment Fund to the prepayment of the Certificates, and the Trustee is authorized to withdraw monies from the Construction Fund and deposit them into the Prepayment Fund to be applied to such prepayment as directed by the City, in accordance with the Lease.

Payments Due on Days Other than Business Days

In any case where the date of maturity of Principal Components of, prepayment premium, if any, or Interest Components of Base Rentals represented by the Certificates or the date fixed for prepayment of any Certificates shall be a day other than a Business Day, then payment on the Certificates need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for prepayment, and no interest shall accrue for the period after such date.

Nonpresentment of Certificates

In the event that any Certificate shall not be presented for payment when the payment becomes due, either at maturity or otherwise, or at the date fixed for prepayment thereof, if funds sufficient to pay such Certificate shall have been made available to the Trustee, all liability to the Owner thereof for the payment of such Certificate shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the Owner of such Certificate, who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature under the Indenture or on, or with respect to, said Certificate.

Rebate Fund

There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Arbitrage Investment Instructions. All amounts on deposit at any time in the Rebate Fund shall be held by the Trustee in trust to the extent required to pay arbitrage rebate to the United States of America, and neither the City nor the Owner of any Certificates shall have any rights in or claim to such money.

Amendments Permitted

In addition to amendments permitted without the consent of the Certificate Owners, the Indenture, the Lease and the Ground Lease may be modified or amended from time to time and at any time by an amendment or supplement which the parties may enter into with the written consent of the Trustee (which shall not unreasonably be withheld), the City (if not a party to such document), and the Owners of a majority in aggregate principal amount of the Certificates then Outstanding have been filed with the Trustee. No such modification or amendment shall (i) extend the stated payment date of any Certificate, or reduce the amount of principal represented thereby, or extend the time of payment or reduce the amount of any Prepayment Price provided in the Indenture for the payment of any Certificate, or reduce the rate of interest with respect thereto, or extend the time of payment of interest with respect thereto without the consent of the Owner of each Certificate so affected, or (ii) reduce the percentage of Certificates the consent of the Owners of which is required to effect any such modification or amendment or permit the creation of any lien on the Trust Estate or deprive the Owners of the trust created by the Indenture with respect to the Trust Estate (except as expressly provided in the Indenture) without the consent of the Owners of all of the Certificates then Outstanding.

The Indenture, the Lease or the Ground Lease may also be modified or amended without the consent of or notice to any Certificate Owners, but with the written consent of the City, but only to the extent permitted by law and only for any one or more of the following purposes:

- (i) to add to the covenants and agreements of the City in the Lease or the Ground Lease, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Certificates (or any portion thereof); provided, however, that no such covenant, agreement, pledge or assignment shall, in the sole judgment of the Trustee, materially and adversely affect the security for the Owners of the Certificates;
- (ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, the Ground Lease or the Lease, or in regard to matters or questions arising under the Indenture, the Ground Lease or the Lease not inconsistent with said agreements, or as may be requested by the City or the Trustee, and which shall not, in the sole judgment of the Trustee, materially and adversely affect the security for the Owners of the Certificates;
- (iii) to modify, amend or supplement the Indenture in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not, in the sole judgment of the Trustee, materially and adversely affect the security for the Owners of the Certificates;
- (iv) to deliver Additional Certificates as permitted by the Indenture;

(v) to provide for any additional procedures, covenants or agreements necessary to maintain the exclusion of the Interest Component of Base Rentals from gross income for purposes of federal and Missouri income taxation with respect to any tax-exempt Certificates Outstanding; or

(vi) to make any other change which does not, in the sole judgment of the Trustee, materially and adversely affect the security for the owners of the Certificates then Outstanding.

Defaults

The occurrence of any of the following events, subject to the provisions of the Indenture, is defined as an “Event of Default”:

(a) Default in the due and punctual payment of any Interest Component of Base Rentals represented by a Certificate; or

(b) Default in the due and punctual payment of the Principal Component of Base Rentals represented by a Certificate, whether at the stated payment date thereof or the Prepayment Date set therefor in accordance with the terms of the Indenture; or

(c) Any Event of Lease Default; or

(d) Default in the terms, conditions or covenants of the Indenture.

Prompt notice of any Event of Default shall be given to the City by the Trustee or to the Trustee and the City by the Registered Owners of not less than 25% in aggregate principal amount of Certificates then Outstanding.

Acceleration

Upon the occurrence of an Event of Default or an Event of Nonappropriation, the Trustee may, and upon receipt of written instruction from the Owners of Certificates representing not less than 25% of the aggregate Principal Component represented by the Certificates then Outstanding, shall, by notice in writing delivered to the City, declare the Principal Component of Base Rentals represented by all Certificates Outstanding and the interest accrued thereon to the date of such acceleration immediately due and payable.

Other Remedies Upon an Event of Default or Event of Nonappropriation

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

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy. Each remedy shall be in addition to any other remedy given to the Trustee or to the Certificate Owners under the Indenture or existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised as often as may be deemed expedient.

No waiver of any default under the Indenture shall extend to or shall affect any subsequent default or shall impair any rights or remedies consequent thereon.

Rights of Certificate Owners

If an Event of Default or Event of Nonappropriation has occurred and is continuing and if instructed to do so by a Directive, if indemnified as provided in the Indenture, the Trustee shall exercise such rights and remedies conferred by this Article as the Trustee, upon the advice of its chosen counsel, deems to be in the interests of the Certificate Owners.

Application of Moneys

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited into the Certificate Payment Fund. All moneys in the Certificate Payment Fund, together with all moneys in the Construction Fund and the Reserve Fund, shall be applied as follows:

(a) Unless the Principal Components of Base Rentals represented by all the Certificates have become or have been declared due and payable, all moneys shall be applied:

FIRST - To the payment to the persons entitled thereto of the Interest Components of Base Rentals represented by the Certificates in the order of the maturity of the installments of such interest and, to the payment ratably, according to the amount due on such installments, to the persons entitled thereto, without any discrimination or privilege; and

SECOND - To the payment to the persons entitled thereto of the unpaid Principal Components of Base Rentals represented by any Certificates that have become due (other than Principal Components of Base Rentals represented by Certificates with respect to the payment of which moneys are held pursuant to the provisions of the Indenture) in the order of such due dates, with interest from the respective dates upon which they become due and, if the amount available is not sufficient to pay in full the Principal Components of Base Rentals represented by Certificates due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If the Principal Components of Base Rentals represented by all Certificates have become due or have been declared due and payable, all such moneys shall be applied to the payment of the Principal Components and the Interest Components of the Base Rentals then due and unpaid upon the Certificates without preference or priority of principal over the interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Certificate over any other Certificate, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the Principal Components of the Base Rentals represented by all Certificates have been declared due and payable and if such declaration thereafter has been rescinded and annulled, then, subject to the provisions of paragraph (b) above in the event that the Principal Components of Base Rentals represented by all the Certificates later become due or are declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of moneys available for the application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee applies such funds, it shall fix the date (which shall be a Payment Date unless it deems another date more suitable) upon which such application is to be made and upon such date interest on the Principal Components to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date and shall not be required to make payment to the Owner of any Certificate until such Certificate is presented to the Trustee for appropriate endorsement or for cancellation if paid in full.

Rights and Remedies of Certificate Owners

No Owner of any Certificates shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Ground Lease, the Lease or the Indenture for the execution of any trust thereof, for the appointment of a receiver or to enforce any other remedy thereunder or under the Indenture, unless (a) an Event of Default or an Event of Nonappropriation has occurred; (b) the Owners of not less than a majority in aggregate principal amount of Certificates Outstanding have made written request to the Trustee and have offered the Trustee reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name; (c) such Certificate Owners have provided to the Trustee indemnification satisfactory to the Trustee; and (d) the Trustee thereafter fails or refuses to exercise the powers granted in the Indenture or to institute such action, suit or proceedings in its name. Such occurrence, request and indemnity are declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and the 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 right or remedy under the Indenture. No one or more Owners of the Certificates shall have any right in any manner whatsoever to affect, to disturb or to prejudice the lien of the Indenture by its, his, her or their action or to enforce any right or remedy under the Indenture except in the manner provided in the Indenture. All proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of the Owners of all Certificates then Outstanding. Nothing in the Indenture contained shall, however, affect or impair the right of any Certificate Owner to enforce the payment of the Principal Component of and the Interest Component of the Base Rentals represented by any Certificate at and after the stated payment date or earlier mandatory prepayment thereof.

Waivers of Defaults

The Trustee shall waive any Event of Default and its consequences and rescind any declaration of the acceleration of the Principal Component of Base Rentals upon the written request of the Owners of (a) a majority in aggregate principal amount of all Certificates then Outstanding with respect to which a default in the payment of Principal Component of Base Rentals represented thereby exists; or (b) a majority in aggregate principal amount of all Certificates then Outstanding in the case of any other default; provided, however, that there shall not be waived (i) any Event of Default respecting the payment of the Principal Component of Base Rentals represented by any Certificate at its stated payment date, or (ii) any Event of Default respecting the payment of the Interest Component of Base Rentals represented by any Certificate, unless prior to such waiver or rescission, all arrears of principal and interest when due, as the case may be, and all expenses of the Trustee

in connection with such default have been paid or provided for and, if any such waiver, rescission or proceeding(s) taken by the Trustee on account of any such default have been discontinued or abandoned or determined adversely, then the Trustee, the City and the Certificate Owners shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission shall extend to any subsequent or other default or impair any right consequent thereon.

Notices of Defaults

If a default occurs of which the Trustee is required to take notice or if notice of default is given as provided in the Indenture, the Trustee shall give written notice thereof immediately, if a payment default, or within 30 days of the Trustee's knowledge thereof for any other default, by first class mail, postage prepaid, to the Owners of all Certificates then Outstanding at their respective addresses appearing on the Register (unless such default has been cured or waived; provided, however, that, except in the case of a default in the payment of the Principal Component or Interest Component of Base Rentals represented thereby, the Trustee shall be protected in withholding such notice if and so long as the Trustee in good faith determines that the withholding of such notice is in the interests of such Owners). For the purpose of this Section, the term "**default**" also means any event which is an "Event of Default" as defined in the Indenture.

Discharge of Indenture

When (i) all the Certificates have been paid or are deemed to be paid pursuant to the Indenture, (ii) the City has delivered to the Trustee an Opinion of Counsel to the effect that the conditions for discharge contained in the Indenture have been satisfied, and (iii) provision satisfactory to the Trustee has been made to pay the fees, compensation and expenses of the Trustee, the obligations created by the Indenture shall cease, determine and become void except for the right of the Certificate Owners and the obligation of the Trustee to apply such moneys and Defeasance Obligations to the payment of the Certificates as set forth in the Indenture; provided, however, that all provisions of the Indenture relating to compensation or indemnification of the Trustee shall survive the discharge of the Indenture.

Certificates Deemed to be Paid

Any Certificate shall be deemed to be paid when (a) payment of the Principal Component of Base Rentals evidenced by such Certificate and premium, if any, thereon and the Interest Component of Base Rentals payable with respect thereto whether such payment is by reason of the stated payment date or upon prepayment as provided in the Indenture (or, if an Event of Nonappropriation has occurred, payment of an amount equal to the principal sum stated thereon plus interest on said principal sum at the rate stated therein to the date of payment) either (i) has been made in accordance with the terms thereof (determined assuming the City has appropriated funds to pay all Base Rentals through the final Renewal Term of the Lease), or (ii) has been provided by irrevocably depositing, in trust and irrevocably set aside exclusively for such payment, (1) cash sufficient to make such payment and/or (2) Defeasance Obligations, maturing as to principal and interest in such amounts and at such time as will insure the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation and expenses of the Trustee pertaining to such Certificate have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such times as a Certificate is deemed to be paid under the Indenture, such Certificate shall no longer be secured by or entitled to the security of the Indenture, except for the purposes of any such payment from such moneys or Defeasance Obligations.

SUMMARY OF THE LEASE

The following is a summary of certain provisions of the Lease. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Lease for a full recital of the provisions thereof.

Commencement of the Term of the Lease

The current Renewal Term of the Lease shall expire on December 31, 2020, subject to the City's option to extend the term of the Lease for successive one-year renewal terms commencing January 1, 2021, and a final renewal term ending December 31, 2029 (referred to in the Lease individually as a "Renewal Term" and collectively as the "Renewal Terms"). The terms and conditions of the Lease during any Renewal Term shall be the same as the terms and conditions during the Initial Term, except that the Base Rentals and the Option Price will be as specified in the Lease, respectively, for each Renewal Term. Each option shall be exercised by the appropriation by the Board of Aldermen of the City, in accordance with applicable law, of sufficient moneys (after taking into account any moneys legally available for such purpose) specifically designated for the payment of Base Rentals required under the Lease and adequate moneys to pay the reasonably estimated Supplemental Rent (calculated as provided in the Lease) for the next succeeding Renewal Term as provided in the Lease. Such appropriation shall automatically extend the term of the Lease for the succeeding Renewal Term without any further action required by any officers or officials of the City.

Expiration or Termination of the Term of the Lease

The Term of the Lease will expire or terminate, as appropriate, as to the City's right of possession of the Leased Property as described in the Lease, upon the first to occur of any of the following events: (a) the expiration of the Initial Term or any Renewal Term for which there occurs an Event of Nonappropriation (which is not thereafter waived by the Trustee as provided in the Lease); (b) on the Optional Prepayment Date on which the City has purchased the Trustee's interest in the Leased Property pursuant to the Lease; (c) an Event of Default and a termination of the Term of the Lease as to the possessory interest of the City as provided in the Lease; (d) discharge of the Indenture as therein provided; or (e) December 31, 2029.

Effect on the City of Expiration or Termination of the Term of the Lease

The expiration or termination of the Term of the Lease as to the City's right of possession of the Leased Property pursuant to the Lease shall terminate all obligations of the City under the Lease (except to the extent that the City incurred any obligation to pay Payments from moneys theretofore appropriated and available for such purpose) and shall terminate the City's rights of use and occupancy of the Leased Property; provided, however, that all other terms of the Lease and the Indenture, including the continuation of the City's purchase right under the Lease and all obligations of the Trustee with respect to the Owners of the Certificates and the receipt and disbursement of funds shall be continuing until the lien of the Indenture is discharged or foreclosed, as provided in the Indenture. The termination or expiration of the Term of the Lease as to the City's right of possession pursuant to the Lease, of itself, shall not discharge the lien of the Indenture.

Amounts Payable

The City shall pay the Base Rentals and the Supplemental Rent (but shall not be entitled to prepay or cause to be prepaid any such Base Rentals or Supplemental Rent, except as otherwise expressly provided in the Indenture or in the Lease, in which event such moneys shall be applied to the prepayment of the Certificates in accordance with the Indenture) in the amounts, at the times, and in the manner set forth in the Lease, said amounts constituting in the aggregate the total of the annual Payments which are payable under the Lease, as follows:

(a) *Base Rentals.* The City agrees, subject to the availability of appropriations of funds to it therefor and other moneys legally available for the purpose and subject to the use of proceeds from the sale of the Certificates to pay Base Rentals as provided in the Lease, and otherwise subject to the limitations of the Lease, to pay to the Trustee as provided in the Lease during the Initial Term and each Renewal Term:

(i) Base Rentals representing a Principal Component payable in installments for each Renewal Term of the Lease as indicated in the Base Rental Payment Schedule in the Lease; and

(ii) Base Rentals representing an Interest Component payable on each May 1 and November 1 for the Term of the Lease as indicated in the Base Rental Payment Schedule in the Lease.

The Base Rentals are to be recalculated by the Trustee and the City understands that the Base Rental Payment Schedule in the Lease shall be revised from time to time in the event of a partial prepayment of Certificates (other than mandatory prepayments, if any, pursuant to the Indenture) or the delivery of Additional Certificates pursuant to the Indenture. To provide for the timely payment of Base Rentals, the City covenants and agrees to pay to the Trustee for deposit in the Certificate Payment Fund on the fifteenth day of the month preceding each Payment Date the amount of the Base Rental due on such Payment Date.

(b) *Supplemental Rent.* In addition to the Base Rentals and as part of the total Payments during each Renewal Term for the Term of the Lease, the City shall pay on a timely basis, to the parties entitled thereto, an amount or amounts equal to the Supplemental Rent, for the costs and expenses of the Trustee and to fund the Reserve Requirement.

Nonappropriation

If an Event of Nonappropriation occurs, the City shall not be obligated to pay the Base Rentals or Supplemental Rent provided for in the Lease which accrue after the last day of the Initial Term or the then current Renewal Term, except for the City's obligation to make Payments which are payable prior to the termination of the Lease; provided, however, that, subject to the limitations of the Lease, the City shall continue to be liable for the Base Rentals and Supplemental Rent allocable to any period during which the City continues to occupy the Leased Property. The Trustee shall, upon the occurrence of any Event of Nonappropriation and a foreclosure of the lien of the Indenture, have all rights and remedies to take possession of the Leased Property as trustee for the benefit of the Owners of the Certificates and shall be further entitled to all moneys then on hand in all funds and accounts created under the Indenture. All property, funds and rights acquired by the Trustee upon the termination of the Lease or the City's possessory interests under the Lease by reason of an Event of Nonappropriation shall be held by the Trustee under the Indenture for the benefit of the Owners of the Certificates as set forth in the Indenture until the Certificates are paid in full. Upon the occurrence of an Event of Nonappropriation (which is not waived), the City shall immediately quit and vacate the Leased Property upon termination of the term of the Lease for which funds have been appropriated.

Maintenance and Operation

The City shall, at its own expense, maintain, manage and operate the Leased Property and all improvements thereon in good order, condition and repair, ordinary wear and tear excepted. The City shall provide or cause to be provided all security service, custodial service, janitor service, power, gas, telephone, light, heating, water and all other public utility services.

Casualty, Public Liability and Workers' Compensation Insurance

The City shall, during the term of the Lease, keep or cause to be kept a policy or policies of insurance against loss or damage to the Leased Property resulting from fire, lightning, vandalism, malicious mischief, riot

and civil commotion, and such other perils ordinarily defined as “extended coverage” and as commonly insured against for properties of like kind and character then used in the State of Missouri. Such insurance may be carried in conjunction with any other fire and extended coverage insurance carried or required to be carried by the City. Such insurance shall be maintained in an amount not less than the full insurable value of the Leased Property, subject to reasonable loss deductible clauses, and such policy shall expressly waive any co-insurance penalty. The term “full insurable value” as used in this subsection shall mean the actual replacement cost of the Leased Property, without deduction for physical depreciation. The “full insurable value” of the Leased Property shall be determined once every third Fiscal Year, commencing with the Fiscal Year ending December 31, 2012 by an architect, contractor, appraiser, appraisal company or one of the insurers, to be selected and paid by or on behalf of the City and a report of such determination shall be filed with the City and the Trustee within 180 days after the end of such third Fiscal Year.

The City shall at its sole cost and expense maintain or cause to be maintained at all times during the Initial Term and any Renewal Term general accident and public liability insurance (including but not limited to coverage for all losses whatsoever arising from the ownership, maintenance, operation or use of any automobile, truck or other motor vehicle) related to the operation, management and maintenance of its property, under which the City and the Trustee shall be named as an additional insured, properly protecting and indemnifying the City and the Trustee, in amounts equal to City’s customary insurance practice for bodily injury (including death) but in no event less than the limitation on awards for liability in effect from time to time under Section 537.610, R.S.Mo., and for property damage arising out of or in any way relating to the condition or the operation of the Leased Property (subject to reasonable loss deductible clauses not to exceed \$25,000). Such insurance shall be maintained with a generally recognized responsible insurance company or companies authorized to do business in the State of Missouri as may be selected by the City. The policies of said insurance shall contain a provision that such insurance may not be cancelled by the issuer thereof without at least 30 days’ advance written notice to the Trustee and the City.

All insurance provided for in the Lease shall be effected under policies issued by insurers of recognized responsibility, licensed or permitted to do business in the State of Missouri, except as otherwise provided in the Lease. The City may satisfy any of the insurance requirements set forth in this Section by using blanket policies of insurance, provided the City complies with all requirements of this Section.

All policies or certificates issued by the respective insurers for insurance shall provide that such policies or certificates shall not be cancelled or materially changed without at least thirty (30) days prior written notice to the Trustee. Insurance certificates evidencing exclusive coverage under such policies shall be deposited with the Trustee together with appropriate evidence of payment of the premiums therefor, and at least thirty (30) days prior to expiration dates of expiring certificates held by the Trustee, new certificates shall be deposited with the Trustee together with evidence of payment of premiums with respect to insurance coverage evidenced thereby.

All policies of insurance (other than public liability insurance) shall name the Trustee as loss payee. The Net Proceeds of any property or casualty insurance carried pursuant to the Lease shall be deposited into the Construction Fund under the Indenture to be applied to rebuild and repair the Leased Property or prepay Outstanding Certificates as provided in the Lease.

Any deductible under any policies of insurance that the City is required to keep or cause to be kept pursuant to the Lease may be insured through any self-insurance program of the City.

The City shall comply with all reasonable rules, directions, requirements and recommendations of the local board of fire underwriters and other fire insurance rating organizations for the area in which the Leased Property is situated, pertaining to the Leased Property or the use and occupancy thereof. The City shall not do or suffer to be done, or keep or suffer to be kept anything in, upon or about the Leased Property which will

contravene any policies insuring against loss or damage by fire or other hazards, including but not limited to public liability insurance.

Property and casualty insurance must apply exclusively to the Leased Property and must be available to repair/rebuild the Leased Property under all circumstances after the occurrence of an insured peril. Full payment of insurance proceeds up to the required policy dollar limit in connection with damage to the Leased Property shall, under no circumstances, be contingent on the degree of damage sustained at other facilities owned or leased by the City. The policy must explicitly waive any co-insurance penalty. Insurance certificates evidencing exclusive coverage (whether or not provided under a master policy) must be provided to the Trustee upon completion of the Project and annually thereafter. If the City elects to provide property and casualty insurance only in an amount equal to the principal amount of the then Outstanding Certificates, then the property insurance proceeds must be paid to the Trustee and used to redeem the Outstanding Certificates in full unless such proceeds plus any additional funds deposited with the Trustee are sufficient to fully rebuild or repair the Leased Property. Original copies of all insurance policies must be delivered annually to the Trustee within 30 days of purchase or renewal.

All required insurance policies must be provided by a commercial insurer rated A by Best or in the two highest rating categories of S&P and Moody's. All policies shall name the City and the Trustee as insureds. Self-insurance or insurance reserves maintained by a joint exercise of powers authority for property and casualty and liability risks may be approved in writing by the Trustee on an exception basis provided that the Trustee is provided a certificate annually from a licensed and independent insurance consultant addressing each of the items below:

- (1) The self-insurance program must be approved and is maintained on an actuarially sound basis;
- (2) The self-insurance fund must be held in a separate trust fund by an independent trustee;
- (3) In the event the self-insurance program is discontinued, the actuarial soundness of the claim reserve fund must be maintained; and
- (4) The current level of funding in the self-insurance account.

Alterations, Additions and Improvements to the Leased Property

The City shall have the right during the term of the Lease to make any alterations, additions or improvements of any kind, structural or otherwise, as it shall deem necessary or desirable, on or to the Leased Property, to attach fixtures, structures or signs, and to affix any personal property to the improvements on the Leased Property; provided, however, that no such alteration, addition or improvement shall reduce or otherwise materially and adversely affect the value of the Leased Property or the fair rental value thereof or materially alter or change the character or use of the Leased Property or result in the Interest Component of the Base Rentals represented by any tax-exempt Certificates then Outstanding becoming subject to federal income taxes then in effect. All additions, alterations or improvements made by the City shall be made in a workmanlike manner and in strict compliance with all laws, ordinances, and regulations applicable thereto, when commenced, be completed with due diligence, and when completed, be deemed a part of the Leased Property.

Damage, Destruction and Condemnation

If, during the term of the Lease (i) the Leased Property is destroyed, in whole or in part, or damaged by fire or other casualty or event; or (ii) title to, or the temporary or permanent use of, the Leased Property or any portion thereof or the estate of the City or the Trustee in the Leased Property or any portion thereof is

taken under the exercise of the power of eminent domain by a governmental body or by any person, firm or corporation acting under governmental authority; or (iii) title to or the use of all or any portion of the Leased Property is lost by reason of defect in title; then, subject to the Lease, the City shall continue to pay Base Rentals and Supplemental Rent and to take such action as shall be necessary to repair and replace the Leased Property using applicable insurance proceeds.

In accordance with the Indenture, the City shall cause the Net Proceeds of any insurance policies (including any moneys derived from any self-insurance program), performance bonds or condemnation awards with respect to the Leased Property, to be deposited into the Construction Fund to be applied as provided in the Lease and in the Indenture. Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification, improvement or replacement of the Leased Property by the City, except as otherwise provided in the Lease. The balance of any Net Proceeds remaining after the repair, restoration, modification, improvement or replacement has been completed are to be deposited into the Prepayment Fund which completion shall be evidenced by a certificate reasonably satisfactory to the Trustee signed by an Authorized City Representative and filed with the Trustee. All repairs, restoration, modification, improvement or replacement of the Leased Property shall be made in a workmanlike manner and in strict compliance with all laws, ordinances and regulations applicable thereto, when commenced, be completed with due diligence, and when completed, be deemed a part of the Leased Property.

If such Net Proceeds are insufficient to pay in full the cost of any such repair, restoration, modification, improvement or replacement, the City shall, within ninety (90) days after the occurrence of the event giving rise to such Net Proceeds, either:

(i) commence and thereafter complete the work and pay any cost in excess of the Net Proceeds, in which case the City agrees that it will not be entitled to any reimbursement from the Trustee or the Owners of the Certificates, nor shall it be entitled to any diminution of the Base Rentals or Supplemental Rent; or

(ii) if such Net Proceeds are in an amount less than \$200,000 and the failure to repair or restore will not materially detract from the value of the Leased Property, then the City may discharge its obligation to repair or replace the Leased Property by causing such Net Proceeds to be deposited into the Certificate Payment Fund; or

(iii) apply such Net Proceeds to the payment of the Option Price applicable as of the next occurring Payment Date, in which case, if the Net Proceeds are insufficient to pay the Option Price, the City shall pay such amounts as are necessary to equal the full Option Price, and if the Net Proceeds exceed the Option Price, such excess shall be retained by the City.

Limitations on Assignment and Subleasing by City

The City may not assign the Lease in whole or in part, and may not sublease the Leased Property in whole or in part, as long as any Certificates remain Outstanding, unless it receives and delivers to the Trustee an opinion of Special Counsel that such assignment or sublease will not result in the Interest Component of the Base Rentals represented by any tax-exempt Certificates then Outstanding becoming subject to federal income taxes then in effect. In the event of any sublease of any kind of part or all of the Leased Property, the City shall remain fully liable under the terms and conditions of the Lease.

City's Covenants Relating to Compliance with Environmental Laws

The City covenants and agrees to carry on the business and operations at the Leased Property in a manner that complies in all respects, and will remain in compliance, with all applicable federal, state, regional,

county or local laws, statutes, rules, regulations or ordinances, concerning public health, safety or the environment.

Events of Default Defined

Any of the following shall be an “Event of Default” under the Lease:

(a) Failure by the City to pay any Base Rentals required to be paid under the Lease when such Base Rentals are due and payable; or

(b) Failure by the City to pay or cause to be paid any Supplemental Rent during the term of the Lease for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is received by the City from the Trustee; or

(c) Failure by the City to vacate the Leased Property at the expiration of the Initial Term or any Renewal Term during which an Event of Nonappropriation occurs; or

(d) Failure by the City to observe and perform any covenant, condition or agreement in the Lease on its part to be observed or performed, other than as referred to in the Lease, 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 Trustee, unless the Trustee agrees in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period and if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected such failure shall not be an Event of Default; or

(e) Any representation or warranty (i) made by the City pursuant to the Lease or (ii) contained in any certificate delivered in connection with the Lease proves to have been false or misleading in any material respect when made; or

(f) The entry of a final nonappealable order or decree in any court of competent jurisdiction enjoining or restraining the construction or development of the Leased Property or enjoining, restraining or prohibiting the City from consummating the transactions contemplated by the Lease; or

(g) Any bankruptcy, reorganization, debt arrangement, moratorium or any proceeding under bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is instituted by or against the City, and if instituted against the City, is consented to by the City or is not dismissed within 60 days.

The foregoing provisions of the Lease are subject to the following limitations: (i) the obligations of the City to make payments of the Base Rentals and the Supplemental Rent shall be subject to the provisions of the Lease with respect to an Event of Nonappropriation; and (ii) if, by reason of Force Majeure (as such term is defined in the Lease), the City is unable in whole or in part to carry out any agreement on its part contained in the Lease, other than the obligations of the City contained in the Lease, the City shall not be deemed in default during the continuance of such inability. The settlement of strikes, lockouts and other 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 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. As used in the Lease the term “**Force Majeure**” means, without limitation, the following: acts of God; strikes; lockouts or other disturbances; acts of public enemies; orders of any kind of the government of the United States of America or the State of Missouri or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; lightning; earthquakes; fire; storms; floods; washouts; arrests; restraints of government and people; civil disturbances; explosions; or partial or entire failure or unavailability of utilities.

Remedies on Default

Upon the occurrence and continuance of any Event of Default, the Trustee shall give notice to the City to vacate the Leased Property immediately (but in no event earlier than the expiration of the Initial Term or the then current Renewal Term for which the City has paid or appropriated moneys sufficient to make all Payments due for such Initial Term or Renewal Term, as appropriate, in the case of an Event of Nonappropriation) and may, without any further demand or notice, (i) terminate the Lease or the City's possessory rights under the Lease (without otherwise terminating the Lease), re-enter the Leased Property and eject all parties in possession thereof therefrom, and rent the Leased Property or, at its option, sell the Leased Property (subject to the limitations of the paragraphs below); or (ii) take any action at law or in equity deemed necessary or desirable to enforce its rights with respect to the Leased Property.

Upon the termination of the term of the Lease or the City's possessory interests under the Lease by reason of an Event of Nonappropriation or an Event of Default, all moneys then held in any fund or account under the Indenture and any Net Proceeds received on such reletting or sale shall be held by the Trustee for the benefit of the Owners of the Certificates (and applied from time to time as provided in the Indenture). Notwithstanding anything in the Lease to the contrary, the Trustee shall be entitled to relet the Leased Property (subject to the limitations of the paragraph below) for such period as is necessary for the Trustee to obtain sufficient moneys to pay in full the Principal Component, premium, if any, and Interest Component of Base Rentals with respect to the Certificates, and the obligations of the Trustee with respect to the Owners of the Certificates and the receipt and disbursement of funds shall be continuing until the lien of the Indenture is discharged as provided in the Indenture except as a result of foreclosure.

Notwithstanding any provision or covenant contained in the Lease, the Indenture or the Ground Lease to the contrary, the Trustee shall not have the right to sublease, sell or otherwise dispose of the Municipal Center Leased Property in a manner that would result in the use of the Municipal Center Leased Property in the operation of a discount department store, a grocery store or a drug store, provided that this paragraph shall not prevent the operation of other types of retail stores on the Municipal Center Leased Property.

Notwithstanding any provision or covenant contained in the Lease, the Indenture or the Ground Lease to the contrary, the Trustee shall not have the right to sublease, sell or otherwise dispose of the Aquatic Center Leased Property in a manner that would result in use of the Aquatic Center Leased Property for other than a public use. Upon the termination of the term of the Lease or the City's possessory interests therein by reason of an Event of Nonappropriation or an Event of Default, the Trustee may (a) terminate the City's right to use the Aquatic Center for the term of the Ground Lease and cease operations of the Aquatic Center, or (b) operate the Aquatic Center itself, or in cooperation with the City, in a manner that constitutes "public use" for purposes of Missouri law.

Payments Due on Holidays

If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in the Lease, shall be a legal holiday or a day on which banking institutions in the city in which the principal business office of the Trustee or the City is located are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day that is not a legal holiday or a day on which such banking institutions are not authorized by law to remain closed with the same force and effect as if done on the date provided in the Lease.

SUMMARY OF THE GROUND LEASE

The following is a summary of certain provisions contained in the Ground Lease. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Ground Lease for a complete recital of the terms thereof.

Term

The term of the Ground Lease commenced as of the date of the delivery of the Ground Lease, and shall end on December 31, 2060, unless such term is sooner terminated as provided in the Ground Lease.

Assignment, Sublease, Release or Encumbrance

Except as otherwise provided below, the Trustee may assign the Ground Lease and its rights under the Ground Lease or lease the Leased Property without the written consent of the City (i) if the Lease is terminated for any reason, or (ii) if an Event of Default has occurred and is continuing. Except as provided in the Indenture and the Lease, no portion of the Leased Property may be encumbered by the City without the written consent of the Trustee.

Notwithstanding any provision or covenant contained in the Ground Lease, the Indenture or the Lease to the contrary, the Trustee shall not have the right to sublease, assign or otherwise dispose of the Municipal Center Leased Property in a manner that would result in the use of the Municipal Center Leased Property in the operation of a discount department store, a grocery store or a drug store, provided that this paragraph shall not prevent the operation of other types of retail stores on the Municipal Center Leased Property.

Notwithstanding any provision or covenant contained in the Ground Lease, the Indenture or the Lease to the contrary, the Trustee shall not have the right to sublease, assign or otherwise dispose of the Aquatic Center Leased Property in a manner that would result in use of the Aquatic Center Leased Property for other than a public use. If the Lease is terminated for any reason, or if an Event of Default has occurred and is continuing, the Trustee may (a) terminate the City's right to use the Aquatic Center for the term of the Ground Lease and cease operations of the Aquatic Center, or (b) operate the Aquatic Center itself, or in cooperation with the City, in a manner that constitutes "public use" for purposes of Missouri law.

Termination

The Ground Lease shall terminate upon the completion of the term set forth in the Ground Lease; provided, however, if the City pays, or provides for the payment of, the Option Price or pays all of the Base Rentals and Supplemental Rent provided for in the Lease and exercises its option to purchase the Trustee's interest in the Leased Property pursuant to the Lease, then the Ground Lease shall be considered assigned to the City and terminated through merger of the leasehold interest under the Ground Lease with the fee interest of the City if the City is the owner of the fee interest.

If an Event of Default (which includes any grace period contained therein) under the Lease occurs or if the City terminates the Lease pursuant to the Lease, the Trustee shall have the right to possession of the Leased Property for the remainder of the term of the Ground Lease and shall have the right to sublease the Leased Property or sell its interest in the Leased Property and the Ground Lease upon whatever terms and conditions it deems prudent. Upon any termination of the Lease, the City shall have no further responsibility or liability to the Trustee under the Lease with respect to the Leased Property except as provided in the Lease and the Ground Lease; provided, however, in no event shall such limitation relieve the City of any amount it may be obligated to pay under the Lease.

REQUIREMENTS OF THE INSURER

*The Series 2020 Certificates are being insured by the Insurer. The following are the Insurer's requirements with respect to the financing documents. To the extent the following requirements of the Insurer are inconsistent with the foregoing summaries in this **Appendix C**, the following requirements will govern.*

Insurer Provisions in the Indenture

Insurance Provisions

Notwithstanding anything to the contrary set forth in the Indenture:

(a) "Insurance Policy" shall be defined as follows: "the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2020 Certificates when due". "Insurer" shall be defined as follows: "Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof".

(b) The prior written consent of the Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Reserve Fund. Notwithstanding anything to the contrary set forth in the Indenture, amounts on deposit in the Reserve Fund shall be applied solely to the payment of debt service due on the particular series of Certificates secured by the Reserve Fund.

(c) The Insurer shall be deemed to be the sole Owner of the Series 2020 Certificates for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the Series 2020 Certificates are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each Series 2020 Certificate, the Trustee and each Owner of the Series 2020 Certificates appoint the Insurer as their agent and attorney-in-fact with respect to the Series 2020 Certificates and agree that the Insurer may at any time during the continuation of any proceeding by or against the City under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each Owner of the Series 2020 Certificates delegate and assign to the Insurer, to the fullest extent permitted by law, the rights of the Trustee and each Owner of the Series 2020 Certificates with respect to the Series 2020 Certificates in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. Remedies granted to the Owners shall expressly include mandamus.

(d) The maturity of Series 2020 Certificates shall not be accelerated without the consent of the Insurer and in the event the maturity of the Series 2020 Certificates is accelerated, the Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the City) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Insurer's obligations under the Insurance Policy with respect to such Series 2020 Certificates shall be fully discharged.

(e) No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of the Insurer. No grace period shall be permitted for payment defaults.

(f) The Insurer is a third-party beneficiary of the Indenture.

(g) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Series 2020 Certificates to be redeemed shall be subject to the approval of the Insurer. The exercise of any provision of the Indenture which permits the purchase of Series 2020 Certificates in lieu of redemption shall require the prior written approval of the Insurer if any Series 2020 Certificate so purchased is not cancelled upon purchase.

(h) Any amendment, supplement, modification to, or waiver of, the Indenture that requires the consent of Owners or adversely affects the rights and interests of the Insurer shall be subject to the prior written consent of the Insurer.

(i) The rights granted to the Insurer under the Indenture, the Lease, the Ground Lease or any other transaction document, including any underlying security agreement (each a “Related Document”) to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer’s contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the Owners or any other person is required in addition to the consent of the Insurer.

(j) Only (1) cash, (2) non-callable direct obligations of the United States of America (“Treasures”), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasures held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasures are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for “AAA” defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the Series 2020 Certificates unless the Insurer otherwise approves. To accomplish defeasance of the Series 2020 Certificates, the City shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Insurer (“Accountant”) verifying the sufficiency of the escrow established to pay the Series 2020 Certificates in full on the maturity or redemption date (“Verification”), (ii) an escrow deposit agreement (which shall be acceptable in form and substance to the Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Series 2020 Certificates are no longer “Outstanding” under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the Series 2020 Certificates; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the City, the Trustee and the Insurer. The Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow. Series 2020 Certificates shall be deemed “Outstanding” under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

(k) Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of the Indenture and the Series 2020 Certificates relating to such payments shall remain Outstanding and continue to be due and owing until paid by the City in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

(l) Claims Upon the Insurance Policy and Payments by and to the Insurer.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date (“Payment Date”) there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the Series 2020 Certificates due on such Payment Date, the Trustee shall give notice to the Insurer and to its designated agent (if any) (the “Insurer’s Fiscal Agent”) by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on

such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series 2020 Certificates due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 2020 Certificates and the amount required to pay principal of the Series 2020 Certificates, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

The Trustee shall designate any portion of payment of principal on Series 2020 Certificates paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2020 Certificates registered to the then current Owner of the Series 2020 Certificates, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2020 Certificate to the Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Series 2020 Certificate shall have no effect on the amount of principal or interest payable by the City on any Series 2020 Certificate or the subrogation rights of the Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Series 2020 Certificate. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Owners of the Series 2020 Certificates referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Insurance Policy in trust on behalf of Owners of the Series 2020 Certificates and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners of the Series 2020 Certificates in the same manner as principal and interest payments are to be made with respect to the Series 2020 Certificates under the sections of the Indenture regarding payment of Series 2020 Certificates. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the City agrees to pay, solely as Supplemental Rent under the Lease, to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2020 Certificates and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The City covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien on and pledge of the Trust Estate and payable from such Trust Estate on a parity with debt service due on the Series 2020 Certificates.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a Payment Date shall promptly be remitted to the Insurer.

(m) The Insurer shall, to the extent it makes any payment of principal of or interest on the Series 2020 Certificates, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the City to the Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

(n) The City shall pay or reimburse the Insurer, solely as Supplemental Rent under the Lease, any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Indenture or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Related Document.

(o) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the City or rebate only after the payment of past due and current debt service on the Certificates and amounts required to restore the Reserve Fund to the Reserve Requirement.

(p) The Insurer shall be entitled to pay principal or interest on the Series 2020 Certificates that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the City (as such terms are defined in the Insurance Policy) and any amounts due on the Series 2020 Certificates as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.

(q) The notice address of the Insurer is: Assured Guaranty Municipal Corp., 1633 Broadway, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No. _____, Telephone: (212) 974-0100; Telecopier: (212) 339-3556. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate “URGENT MATERIAL ENCLOSED.”

(r) The Insurer shall be provided with the following information by the City or Trustee, as the case may be:

(i) To the extent not filed with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system, annual audited financial statements within 210 days after the end of the City’s fiscal year (together with a certification of the City that it is not aware of any default or Event of Default under the Indenture), and, upon request, the City’s annual budget within 30 days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time;

(ii) Notice of any draw upon the Reserve Fund within two Business Days after knowledge thereof other than (A) withdrawals of amounts in excess of the Reserve Requirement and (B) withdrawals in connection with a refunding of Certificates secured by the Reserve Fund;

(iii) Immediate notice of any Event of Nonappropriation;

(iv) Notice of any default known to the Trustee or the City within five Business Days after knowledge thereof;

- (v) Prior notice of the advance refunding or redemption of any of the Series 2020 Certificates, including the principal amount, maturities and CUSIP numbers thereof;
- (vi) Notice of the resignation or removal of the Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;
- (vii) Notice of the commencement of any Insolvency Proceeding;
- (viii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 2020 Certificates;
- (ix) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and
- (x) All reports, notices and correspondence to be delivered to Owners under the terms of the Related Documents.
- (s) The Insurer shall have the right to receive such additional information as it may reasonably request.
- (t) The City will permit the Insurer to discuss the affairs, finances and accounts of the City or any information the Insurer may reasonably request regarding the security for the Series 2020 Certificates with appropriate officers of the City and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the City on any business day upon reasonable prior notice.
- (u) The Trustee shall notify the Insurer of any known failure of the City to provide notices, certificates and other information under the Related Documents.
- (v) Notwithstanding satisfaction of the other conditions to the issuance of Additional Certificates set forth in the Indenture, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Reserve Fund is fully funded at the Reserve Requirement (including the proposed issue) upon the issuance of such Additional Certificates, in either case unless otherwise permitted by the Insurer.
- (w) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the Series 2020 Certificates or the rights of the Owners, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.
- (x) No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Series 2020 Certificates may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.
- (y) The City shall not enter into an interest rate exchange agreement or any other interest rate maintenance agreement secured by and payable from the Trust Estate without the prior written consent of the Insurer.

Reserve Policy Provisions

Notwithstanding anything to the contrary set forth in the Indenture:

(a) The City shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by AGM and shall pay interest thereon from the date of payment by AGM at the Late Payment Rate, provided that any such payment shall be made solely as Supplemental Rent under the Lease. "Late Payment Rate" means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 5%, and (ii) the then applicable highest rate of interest on the Series 2020 Certificates and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as AGM shall specify. If the interest provisions of this subparagraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the obligation so created, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party, be applied as additional interest for any later periods of time when amounts are outstanding to the extent that interest otherwise due for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by AGM, with the same force and effect as if the City had specifically designated such extra sums to be so applied and AGM had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the obligation created as described above exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to AGM shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to AGM on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy. The obligation to pay Policy Costs shall be a component of Supplemental Rent under the Lease secured by a valid lien on the Trust Estate and Leased Property pledged as security for the Series 2020 Certificates (subject only to the priority of payment provisions set forth under the Indenture and Lease).

All cash and investments in the Reserve Fund established for the Series 2020 Certificates (the "Reserve Fund") shall be transferred to the Certificate Payment Fund for payment of debt service on the Series 2020 Certificates before any drawing may be made on the Reserve Policy or any other credit facility credited to the Reserve Fund in lieu of cash ("Credit Facility"). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) If the City shall fail to pay any Policy Costs in accordance with the requirements of subparagraph (a) of this Section, AGM shall be entitled to exercise any and all legal and equitable remedies

available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the Series 2020 Certificates or (ii) remedies which would adversely affect owners of the Series 2020 Certificates.

(c) The Indenture shall not be discharged until all Policy Costs owing to AGM shall have been paid in full. The Issuer's obligation to pay such amounts as Supplemental Rent under the Lease shall expressly survive payment in full of the Series 2020 Certificates.

(d) The Issuer shall include any Policy Costs then due and owing AGM in the calculation of any additional bonds test or rate covenant referenced in the Indenture.

(e) The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of subparagraph (a) of this Section and shall provide notice to AGM in accordance with the terms of the Reserve Policy at least five business days prior to each date upon which interest or principal is due on the Series 2020 Certificates. If any deposits are required to be made by the City with the Trustee to the Certificate Payment Fund for the Series 2020 Certificates more often than semi-annually, the Trustee shall be instructed to give notice to AGM of any failure of the City to make timely payment in full of such deposits within two business days of the date due.

Insurer Provisions in the Lease

Notwithstanding anything to the contrary set forth in the Lease:

(a) Any amendment, supplement, modification to, or waiver of, the Lease shall be subject to the prior written consent of the Insurer.

(b) Base Rentals are due from the City no fewer than fifteen (15) days prior to the related interest payment dates of the Series 2020 Certificates pursuant to the Original Lease. Any grace period for late Base Rentals may not exceed five (5) calendar days.

(c) The City shall maintain standard comprehensive general liability and property damage insurance against loss or damage to the leased Property in an amount equal to the replacement cost of the Leased Property, with standard deductibles. Insurance must be provided by an insurer rated "A-" or better by Standard & Poor's unless waived by the Insurer. All such insurance must name the City and the Trustee as insureds. Any self-insurance must be acceptable to the Insurer. Certificates of insurance for all insurance required by this paragraph must be provided to the Insurer for review no fewer than five business days prior to issuance of the Series 2020 Certificates.

(d) Following an Event of Default or an Event of Nonappropriation by the City, the Original Lease gives the Trustee the right to re-enter and re-let the Leased Property and to terminate the Lease. The Insurer shall have the right to control all remedies for default under the Ground Lease, the Lease and the Indenture, provided that, while any Series 2017 Certificates remain Outstanding, such right of control shall extend only so far as the right of all Owners of the Series 2020 Certificates to control such remedies would otherwise extend.

(e) Any sale, substitution, release, transfer, lease, assignment, mortgage or encumbrance with respect to the Leased Property under the Lease shall be subject to the prior written consent of the Insurer.

(f) The City covenants and agrees, to the extent it may lawfully do so, that so long as any of the Series 2020 Certificates remain outstanding and unpaid, the City will not exercise the power of condemnation with respect to the Leased Property. The City further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the City should fail or refuse to abide by such covenant and condemns the Leased Property, the appraised value of the Leased Property shall not

be less than the greater of (i) if such Series 2020 Certificates are then subject to prepayment, the Principal Component and Interest Components of the Series 2020 Certificates outstanding through the date of their prepayment, or (ii) if such Series 2020 Certificates are not then subject to prepayment, the amount necessary to defease such Series 2020 Certificates to the first available prepayment date in accordance with the Indenture.

(g) The City shall not have the right to terminate the Lease for default by the Lessor.

(h) The City covenants and agrees to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Trust Estate under applicable law.

(i) The City shall pay or reimburse the Insurer, as Supplemental Rent under the Lease, any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Indenture, the Ground Lease or the Lease (each a "Related Document") or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to any Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of any Related Document.

(j) The City may only contest taxes, assessments, utility and other such charges with respect to the Leased Property upon notice to the Insurer and must pay such taxes, assessments, utility and other charges if requested to do so by the Insurer.

(k) The City shall pay, but solely as Supplemental Rent under the Lease, the amounts required to be paid by the City under the Fourth Supplemental Indenture.

(l) The Insurer is a third-party beneficiary of the Lease.

Insurer Provisions in the Ground Lease

Notwithstanding anything to the contrary set forth in the Ground Lease:

(a) Any amendment, supplement, modification to, or waiver of, the Ground Lease shall be subject to the prior written consent of the Insurer.

(b) The Insurer shall have the right to control all remedies for default under the Ground Lease, provided that, while any Series 2017 Certificates remain Outstanding, such right of control shall extend only so far as the right of all Owners of the Series 2020 Certificates to control such remedies would otherwise extend.

(c) Any sale, substitution, release, transfer, lease, assignment, mortgage or encumbrance with respect to the Leased Property under the Ground Lease shall be subject to the prior written consent of the Insurer.

(d) The City shall not have the right to terminate the Ground Lease for default by the Trustee.

(e) The Insurer is a third-party beneficiary of the Ground Lease.

APPENDIX D

BOND INSURANCE AND SPECIMEN MUNICIPAL BOND INSURANCE POLICY

The following information has been furnished by Assured Guaranty Municipal Corp. for use in this Official Statement. No representation is made by the City or the Underwriter as to the accuracy, completeness or adequacy of such information or as to the absence of material adverse changes in such information or in the condition of Assured Guaranty Municipal Corp. subsequent to the date hereof.

Bond Insurance Policy

Concurrently with the delivery of the Series 2020 Certificates, Assured Guaranty Municipal Corp. (“AGM”) will issue its Municipal Bond Insurance Policy for the Series 2020 Certificates (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Series 2020 Certificates when due as set forth in the form of the Policy included herein to this **Appendix D** of the Official Statement.

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

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and, as of October 1, 2019, asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A2” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 16, 2020, S&P announced it had affirmed AGM’s financial strength rating of “AA” (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On December 19, 2019, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Capitalization of AGM

At June 30, 2020:

- The policyholders' surplus of AGM was approximately \$2,667 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately \$1,018 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,048 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty (Europe) plc ("AGE UK") and Assured Guaranty (Europe) SA ("AGE SA"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE UK and AGE SA were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

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

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (filed by AGL with the SEC on February 28, 2020);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 (filed by AGL with the SEC on May 8, 2020); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020 (filed by AGL with the SEC on August 7, 2020).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Series 2020 Certificates shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019,

Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "**APPENDIX D – BOND INSURANCE AND SPECIMEN MUNICIPAL BOND INSURANCE POLICY – Assured Guaranty Municipal Corp.**" or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Series 2020 Certificates or the advisability of investing in the Series 2020 Certificates. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented in this *Appendix D*.

* * *

EXHIBIT A
TO APPENDIX D
SPECIMEN MUNICIPAL BOND INSURANCE POLICY



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: \$ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100