

RESOLUTION NO. 187

RESOLUTION AUTHORIZING THE OFFERING FOR SALE OF
LEASE OBLIGATIONS OF THE CITY OF CHESTERFIELD,
MISSOURI.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHESTERFIELD,
MISSOURI, AS FOLLOWS:

Section 1. The City of Chesterfield, Missouri, is hereby authorized to offer at competitive public sale approximately \$2,900,000 principal amount of Certificates of Participation (City of Chesterfield, Missouri, Lessee), Series 1995, as described in the Notice of Certificate Sale attached hereto as Exhibit A.

Section 2. The Finance Director is hereby authorized and directed to receive sealed bids for the purchase of said Certificates at the City Hall in Chesterfield, Missouri, until 11:00 a.m., Central Time, on July 11, 1995, pursuant to the terms and conditions set forth in said Notice of Certificate Sale, and to deliver all bids so received to the City Council at its meeting to be held at 12:00 noon on said date, at which meeting the City Council shall review such bids and shall award the sale of the Certificates or reject all bids.

Section 3. The Notice of Certificate Sale is hereby approved in substantially the form attached hereto as Exhibit A, and the Finance Director is hereby authorized to execute such Notice of Certificate Sale, with such changes and additions thereto as such official shall deem necessary or appropriate, and to use such document in connection with the public sale of the Certificates.

Section 4. The Preliminary Official Statement is hereby approved in substantially the form attached hereto as Exhibit B, with such changes and additions thereto as the Finance Director shall deem necessary or appropriate, and the appropriate officers and representatives of the City are hereby authorized to use such document in connection with the public sale of the Certificates.

Section 5. The Finance Director is hereby authorized and directed to give notice of said bond sale by publishing a summary of the Notice of Certificate Sale in a newspaper having general circulation in the City, and by mailing copies of the Notice of Certificate Sale and Preliminary Official Statement to such banks and investment banking firms and other financial institutions located in the State of Missouri and elsewhere which might be interested in the purchase of said Certificates.

Section 6. For the purpose of enabling the purchaser of the Certificates (the "Original Purchaser") to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, the appropriate officers of the City are hereby authorized, if requested, to provide the Original Purchaser a letter or certification to the effect that the City deems the information regarding the City contained in the Preliminary Official Statement to be "final" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1), and to take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the Original Purchaser to comply with the requirement of such Rule.

Section 7. The City agrees to provide to the Original Purchaser within seven-business days of the date of the sale of Certificates or within sufficient time to accompany any confirmation that requests payment from any customer of the Original Purchaser, whichever is earlier, sufficient copies of the final Official Statement to enable the Original Purchaser to comply with the requirements of Rule 15c2-12(b)(4)

of the Securities and Exchange Commission and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

Section 8. The Finance Director and other officers and representatives of the City are hereby authorized and directed to take such other action as may be necessary to carry out the public sale of said Certificates.

Section 9. This Resolution shall be in full force and effect from and after its passage by the City Council.

PASSED by the City Council this 19th day of June, 1995.

(SEAL)

ATTEST:

Martha L. De May
City Clerk

Jack Leonard
Mayor

EXHIBIT "A"

NOTICE OF CERTIFICATE SALE

\$2,900,000*

CERTIFICATES OF PARTICIPATION (CITY OF CHESTERFIELD, MISSOURI, LESSEE) SERIES 1995

Sealed Bids. Sealed bids for the purchase of \$2,900,000* principal amount of Certificates of Participation (City of Chesterfield, Missouri, Lessee), Series 1995 (the "Certificates"), of the City of Chesterfield, Missouri (the "City"), will be received by the Finance Director, on behalf of the City Council of the City, at the Chesterfield City Hall, 922 Roosevelt Parkway, Chesterfield, Missouri 63017, until 11:00 A.M., Central Time, on

TUESDAY, JULY 11, 1995

All bids will be publicly opened, read and evaluated at said time and place, and the award of the Certificates will be acted upon at a meeting of the City Council to be held at 12:00 noon, Central Time, on said date.

Terms of the Certificates. The Certificates will consist of fully registered certificates in the denomination of \$5,000 or any integral multiple thereof. The Certificates will be dated August 1, 1995, and will mature serially on August 15 in each year set forth below ("Serial Certificates") (unless a bidder designates certain maturities as Term Certificates as provided herein under the caption "Optional Term Certificates"):

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
1996	\$85,000	2006	\$140,000
1997	90,000	2007	145,000
1998	95,000	2008	155,000
1999	100,000	2009	165,000
2000	100,000	2010	175,000
2001	110,000	2011	185,000
2002	115,000	2012	195,000
2003	120,000	2013	205,000
2004	125,000	2014	220,000
2005	130,000	2015	245,000

The Certificates will bear interest from the date thereof at rates to be determined when the Certificates are sold as hereinafter provided, which interest will be payable semiannually on February 15 and August 15 in each year, beginning on February 15, 1996.

Optional Term Certificates. A bidder may designate a maturity of Certificates as Term Certificates for any of the Certificates currently treated as Serial Certificates. Any bidder electing to designate a maturity of Term Certificates shall specify the current Serial Certificates by year of maturity which are to comprise the Term Certificates. The final year designated shall be deemed the year of maturity of the Term Certificates. Term Certificates shall be subject to mandatory sinking fund redemption by lot in the

*Subject to adjustment as described under "Adjustment of Issue Size" herein.

amounts currently specified for the Serial Certificates at a redemption price of 100% of the principal amount thereof.

For purposes of computing the true interest cost and awarding the Certificates (see the caption "Basis of Award" below), the maturity of such Term Certificates shall be treated as if the amounts subject to mandatory sinking fund redemption are equal to the amounts and mature on the dates currently specified as Serial Certificates.

Place of Payment. The principal of and interest on the Certificates will be payable in lawful money of the United States of America. The principal of each Certificate will be payable at maturity or upon earlier redemption to the registered owner upon presentation and surrender of such Certificate at the principal corporate trust office of Magna Trust Company, St. Louis, Missouri, which has been designated by the City as trustee, paying agent and registrar for the Certificates (the "Trustee"). Interest on each Certificate will be paid to the Registered Owner of such Certificate as shown on the Certificate Register at the close of business on the first day of the month containing an interest payment date by check or draft mailed by the Trustee to the address of such Registered Owner shown on the registration books maintained by the Trustee.

Optional Prepayment. At the option of the City, Certificates with stated payment dates of August 15, 2003 and thereafter will be subject to prepayment on August 15, 2002 and thereafter in whole at any time or in part on any interest payment date in such order of stated payment dates as shall be determined by the City (Certificates of less than a single maturity to be selected in multiples of \$5,000 principal amount), at the prepayment price of 100% of the principal amount thereof plus accrued interest thereon to the prepayment date.

Conditions of Bids. Proposals will be received on the Certificates bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions: The same rate shall apply to all Certificates of the same maturity. Each interest rate specified shall be a multiple of 1/8 or 1/20 of 1%. **No interest rate shall exceed 8.0% per annum. The difference between the highest rate specified and the lowest rate specified shall not exceed 3.0%.** No supplemental interest payments will be authorized. **No bid shall be for less than 98.5% of the principal amount of the Certificates plus accrued interest, if any.** Bidders are requested (but not required) to specify the total interest cost (expressed in dollars) during the life of the Certificate issue on the basis of such bid, the premium or discount, if any, offered by the bidder, and the true interest cost (expressed as a percentage) on the basis of such bid.

Basis of Award. The Certificates will be awarded to the bidder whose bid will result in the lowest interest cost to the City determined in accordance with the true interest cost ("TIC") method of calculation by doubling the semiannual interest rate (compounded semiannually) necessary to discount the debt service payments from the payment dates to the date of the Certificates to equal the price bid, excluding interest accrued to the date of delivery. If there is any discrepancy between the true interest data shown on the bid form and the true interest cost determined from the premium or discount, if any, and the coupon specified on the bid form, the latter shall govern and the true interest cost specified in the bid shall be adjusted accordingly. If two or more proper bids are received providing for identical lowest true interest cost, the City shall determine by lot which bid, if any, shall be accepted and its determination shall be final.

Authority, Purpose and Security. The Certificates are being issued pursuant to the Constitution and laws of the State of Missouri for the purpose of (a) paying costs of constructing, furnishing and equipping a maintenance facility and related office space for the City (the "Project"), (b) funding a debt

service reserve fund with respect to the Certificates, (c) paying a portion of the interest to become due on the Certificates during the construction of the Project, and (d) paying costs of issuance of the Certificates. The Certificates and the interest thereon are payable solely from amounts payable by the City under an annually renewable Lease/Purchase Agreement between the Trustee, as lessor, and the City, as lessee. The obligation of the City to make payments under the Lease/Purchase Agreement is subject to annual appropriation by the City Council and shall not constitute a debt or liability of the City, the State of Missouri or any political subdivision thereof.

Legal Opinion. The Certificates will be sold subject to the approving legal opinion of Gilmore & Bell, P.C., St. Louis, Missouri, Special Tax Counsel, which opinion will be furnished and paid for by the City and printed on the Certificates and delivered to the successful bidder when the Certificates are delivered. Said opinion will also include the opinion of Special Tax Counsel relating to the exclusion of the interest on the Certificates from gross income for federal and Missouri income tax purposes. The Certificates will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended. Reference is made to the Preliminary Official Statement for further discussion of federal and Missouri income tax matters relating to the interest on the Certificates.

Certification as to Offering Prices. To provide the City with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), the successful bidder will be required to complete, execute and deliver to the City prior to the delivery of the Certificates, a certificate regarding the "issue price" of the Certificates (as defined in Section 148 of the Code), reflecting the initial offering prices (excluding accrued interest and expressed as dollar prices) at which a substantial amount (i.e., 10% or more) of the Certificates of each maturity have been or are expected to be sold to the public. The term "public" excludes bond houses, brokers or similar persons, or organizations acting in the capacity of underwriters or wholesalers. Such certificate shall state that 10% or more of the Certificates of each maturity have been or are expected to be sold to the public at prices no higher than such initial offering prices. However, such certificate may indicate that the successful bidder will not reoffer the Certificates for sale.

Adjustment of Issue Size. The City reserves the right to increase the principal amount of the Certificates maturing in any year (and thereby increase the total principal amount of the Certificates issued) by up to 5%, depending on the purchase price specified by the successful bidder, in order to properly size the issue so that the City will have not less than \$2,500,000 available from the sale of the Certificates to deposit into the Construction Fund for payment of costs of the Project. The successful bidder may not withdraw its bid or change the interest rates bid as a result of any changes made to the principal amount of the Certificates as described herein. If there is an increase in the final aggregate principal amount of the Certificates or the schedule of principal payments as described above, the City will notify the successful bidder by means of telephone or facsimile transmission, subsequently confirmed in writing, not later than 3:00 P.M., Central Time, on July 11, 1995. The actual purchase price for the Certificates shall be calculated by applying the percentage of par value bid by the successful bidder against the final aggregate principal amount of the Certificates, as adjusted, plus accrued interest from the date of the Certificates to the date of delivery.

Delivery and Payment. The City will pay for printing the Certificates and will deliver the Certificates, properly prepared, executed and registered, without cost to the successful bidder within 45 days after the date of sale at such bank or trust company located in the United States as may be specified by the successful bidder, or elsewhere at the expense of the successful bidder. The successful bidder will also be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the Certificates and the usual closing documents, including a certificate that there is no litigation pending or threatened at the time of delivery of the Certificates affecting their validity and a certificate regarding the completeness and accuracy of the Official Statement. Payment for the Certificates shall be made in

federal reserve funds, immediately available for use by the City. The denominations of the Certificates and the names, addresses and social security or taxpayer identification numbers of the Registered Owners shall be submitted in writing by the successful bidder to the Trustee at least one week prior to the date of delivery of the Certificates. In the absence of such information, the City will deliver Certificates in the denomination of each maturity registered in the name of the successful bidder.

Good Faith Deposit. Each bid shall be accompanied by a cashier's or certified check drawn on a bank located in the United States of America in the amount of \$58,000 payable to the order of the City of Chesterfield to secure the City from any loss resulting from the failure of the bidder to comply with the terms of its bid. No interest will be paid upon the deposit made by the successful bidder. Said check shall be returned to the bidder if its bid is not accepted. If a bid is accepted, said check or the proceeds thereof shall be held by the City until the successful bidder has complied with all of the terms and conditions of this Notice, at which time the amount of said check shall be returned to the successful bidder or deducted from the purchase price at the option of the City. If a bid is accepted but the City fails to deliver the Certificates to the bidder in accordance with the terms and conditions of this Notice, said check or the proceeds thereof shall be returned to the bidder. If a bid is accepted but the bidder defaults in the performance of any of the terms and conditions of this Notice, the proceeds of such check shall be retained by the City as and for liquidated damages.

Ratings. The City has applied to Moody's Investors Service, Inc. for a rating on the Certificates. Such rating will be described in the City's final Official Statement relating to the Certificates, copies of which will be provided to the successful bidder. Should a rating be secured prior to the sale date, all bidders will be advised accordingly.

Certificate Insurance. The purchase of any municipal bond insurance policy or the issuance of any such commitment therefor shall be at the sole option and expense of a bidder and any increased costs of issuance of the Certificates resulting by reason of the same, unless otherwise paid, shall be paid by such bidder, except that the City shall pay the rating agency fee of Moody's Investors Service, Inc. (but not the fees of any other rating agencies). Any failure of the Certificates to be so insured or of any such policy or commitment of insurance to be issued, shall not constitute cause for a failure or refusal by the purchaser of the Certificates to accept delivery of and pay for said Certificates in accordance with the terms of its bid.

CUSIP Numbers. CUSIP identification numbers will be printed on the Certificates, but neither the failure to print such number on any Certificate nor any error with respect thereto shall constitute cause for failure or refusal by the successful bidder to accept delivery of and pay for the Certificates in accordance with the terms of this Notice. All expenses in relation to the assignment and printing of CUSIP numbers on the Certificates will be paid by the City.

Bid Forms. All bids must be made on forms which may be procured from the Finance Director or the City's Financial Advisor. No additions or alterations in such forms shall be made and any erasures may cause rejection of any bid. The City reserves the right to waive irregularities and to reject any or all bids.

Submission of Bids. Bids accompanied by good faith checks shall be submitted in sealed envelopes addressed to the undersigned Finance Director marked "Proposal for the Purchase of Certificates of Participation of the City of Chesterfield, Missouri." Bids may be submitted by mail or delivered in person to the undersigned at the address given above and must be received prior to 11:00 A.M., Central Time, on July 11, 1995.

Bidders wishing to call in a bid should submit the bidding documents together with the good faith deposit to the City's Financial Advisor on or prior to the date of sale as follows: Karen Irwin c/o Jan Hawn, Finance Director, Chesterfield City Hall, 922 Roosevelt Parkway, Chesterfield, Missouri 63017. If signed bid forms are received as provided above, bids may be called in up to 11:00 A.M., Central Time, on July 11, 1995, by contacting Karen Irwin in the Finance Director's office at (314) 537-4726. A bid called in as specified above will constitute a bid received by the City.

Any bidder submitting a bid by phone in the manner described above acknowledges that neither the City nor the City's Financial Advisor assumes any liability or responsibility for any inscribing or transmittal error in connection with such bid.

Official Statement. The City has prepared a Preliminary Official Statement, copies of which may be obtained from the City's Financial Advisor. Upon the sale of the Certificates, the City will adopt a final Official Statement and will furnish the successful bidder with a sufficient quantity of such Official Statements within seven business days of the acceptance of the successful bidder's proposal in order to comply with Rule 15c2-12(b)(4) of the Securities and Exchange Commission and Rule G-32 of the Municipal Securities Rulemaking Board. The City's acceptance of the successful bidder's proposal for the purchase of the Certificates shall constitute a contract between the City and the successful bidder for purposes of said Rules. Additional copies of the final Official Statement may be ordered by the successful bidder at its expense.

Continuing Disclosure. The City will agree to provide or cause to be provided, in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule") and as described in greater detail in the Preliminary Official Statement under the caption "CONTINUING DISCLOSURE", (i) beginning on or prior to January 1, 1996 and on or prior to January 1 of each year thereafter, certain annual financial information and operating data, including audited financial statements for the preceding fiscal year, to all Nationally Recognized Municipal Securities Information Repositories and to each holder of Certificates who makes a request for such information, (ii) to all Nationally Recognized Municipal Securities Information Repositories or the Municipal Securities Rulemaking Board timely notice of the occurrence of certain material events with respect to the Certificates, and (iii) to all Nationally Recognized Municipal Securities Information Repositories or the Municipal Securities Rulemaking Board timely notice of a failure by the City to provide the required annual financial information on or before the date specified in (i) above.

The Underwriter's obligation to purchase the Certificates shall be conditioned upon its receiving, at or prior to the delivery of the Certificates, evidence that the City has made the continuing disclosure undertaking set forth above for the benefit of the holders of the Certificates.

Additional Information. Additional information regarding the Certificates may be obtained from the Finance Director (314-537-4726) or from the City's Financial Advisor, A.G. Edwards & Sons, Inc., One North Jefferson Avenue, St. Louis, Missouri 63103, Attention: Ms. Karen Irwin (314-289-4344).

DATED this 3rd day of July, 1995.

CITY OF CHESTERFIELD, MISSOURI

By: /s/ Jan Hawn
Finance Director

City of Chesterfield

ST. LOUIS COUNTY, MISSOURI

PRELIMINARY OFFICIAL STATEMENT

OFFERING

\$2,900,000

CERTIFICATES OF PARTICIPATION

(City of Chesterfield, Missouri, Lessee), Series 1995

SEALED BIDS WILL BE OPENED BY THE CITY COUNCIL OF THE CITY OF CHESTERFIELD ON TUESDAY, JULY 11, 1995 AT 11:00 A.M., CENTRAL DAYLIGHT TIME, AT THE CHESTERFIELD CITY HALL, 922 ROOSEVELT PARKWAY, CHESTERFIELD, MISSOURI 63017. AWARD OR REJECTION OF THE BIDS WILL BE MADE AT 12:00 P.M. NOON CENTRAL DAYLIGHT TIME, ON JULY 11, 1995 AT THE CHESTERFIELD CITY HALL.

A.G. Edwards & Sons, Inc.
Financial Advisor

The date of this Preliminary Official Statement is July 5, 1995.

CITY OF CHESTERFIELD

922 Roosevelt Parkway
Chesterfield, Missouri 63017
FAX: (314) 537-4799
Phone: (314) 537-4000

City Council

Jack Leonard, Mayor
Barry Flachsbart
Colleen Hilbert
Ed Levinson
Barry Streeter
Daniel Hurt
Alan J. Politte
Linda Tilley
Mike Cullen

City Officials

Michael G. Herring
City Administrator

Brenda Love Collins
Assistant City Administrator/
Personnel Director

Janet S. Hawn
Finance Director

Financial Advisor

A.G. Edwards & Sons, Inc.
St. Louis, MO

Bond Counsel

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

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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 shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall 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.

PRELIMINARY OFFICIAL STATEMENT DATED JULY 5, 1995

NEW ISSUE
BANK QUALIFIED

Moody's Rating: _____
S & P's Rating: _____
See "RATINGS" herein.

In the opinion of Gilmore & Bell, P.C., St. Louis, Missouri, Special Tax Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the Interest Component of the Base Rentals paid by the City under the Lease (as described herein) and distributed to the owners of the Certificates (including any original issue discount properly allocable to such owners) is excluded from gross income for federal and Missouri income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, except that Special Tax Counsel will not express any opinion for federal or Missouri tax purposes as to any moneys received in payment of or with respect to the Certificates subsequent to termination of the City's obligations under the Lease by reason of an Event of Nonappropriation. The Certificates have not been designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS" herein.

\$2,900,000*

CERTIFICATES OF PARTICIPATION

(City of Chesterfield, Missouri, Lessee), Series 1995

**Evidencing Proportionate Interests of the Owners Thereof
in Base Rentals Payable, Subject to Annual Appropriation, by the
CITY OF CHESTERFIELD, MISSOURI
Pursuant to a Lease/Purchase Agreement**

Dated: August 1, 1995

Due: August 15, as shown below

The Certificates will be delivered in fully registered form without coupons in the denomination of \$5,000 or any integral multiple thereof. Interest on the Certificates will be payable semiannually on February 15 and August 15 beginning February 15, 1996. The principal and interest distributable with respect to the Certificates shall be payable in lawful money of the United States of America by check of or draft upon the Trustee mailed to the person in whose name such Certificate is registered at the close of business on the first day of the calendar month containing such interest payment date.

The Certificates will be payable solely from the Base Rentals under the Lease and certain moneys held by the Trustee under the Indenture. See the caption "SECURITY FOR THE CERTIFICATES" herein. The City will agree to pay the total Base Rentals due under the Lease for each fiscal year, but only if the City Council of the City annually appropriates sufficient moneys specifically designated to pay the Base Rentals coming due during each succeeding fiscal year.

THE OBLIGATION OF THE CITY TO MAKE ANY PAYMENTS UNDER THE LEASE IS SUBJECT TO ANNUAL APPROPRIATION BY THE CITY AS PROVIDED IN THE LEASE. THE OBLIGATION TO MAKE PAYMENTS WILL NOT CREATE A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR

CHARTER DEBT LIMITATION OR RESTRICTION. THE DELIVERY OF THE CERTIFICATES DOES 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.

MATURITY SCHEDULE*

<u>Payment Date</u> <u>(August 15)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield or</u> <u>Price</u>	<u>Payment Date</u> <u>(August 15)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield or</u> <u>Price</u>
1996	\$ 85,000	%	%	2006	\$140,000	%	%
1997	90,000			2007	145,000		
1998	95,000			2008	155,000		
1999	100,000			2009	165,000		
2000	100,000			2010	175,000		
2001	110,000			2011	185,000		
2002	115,000			2012	195,000		
2003	120,000			2013	205,000		
2004	125,000			2014	220,000		
2005	130,000			2015	245,000		

The Certificates are subject to optional and extraordinary optional prepayment prior to their stated payment dates upon the occurrence of certain events. See the caption "THE CERTIFICATES - Prepayment Provisions" herein.

The Certificates are offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Gilmore & Bell, P.C., St. Louis, Missouri, Special Tax Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by Beach, Burcke, Helfers & Mittleman, P.C., St. Louis, Missouri. It is expected that the Certificates will be available for delivery at The Depository Trust Company in New York, New York, on or about August 8, 1995.

The date of this Official Statement is _____, 1995

* Preliminary; subject to change.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 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 CERTIFICATES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

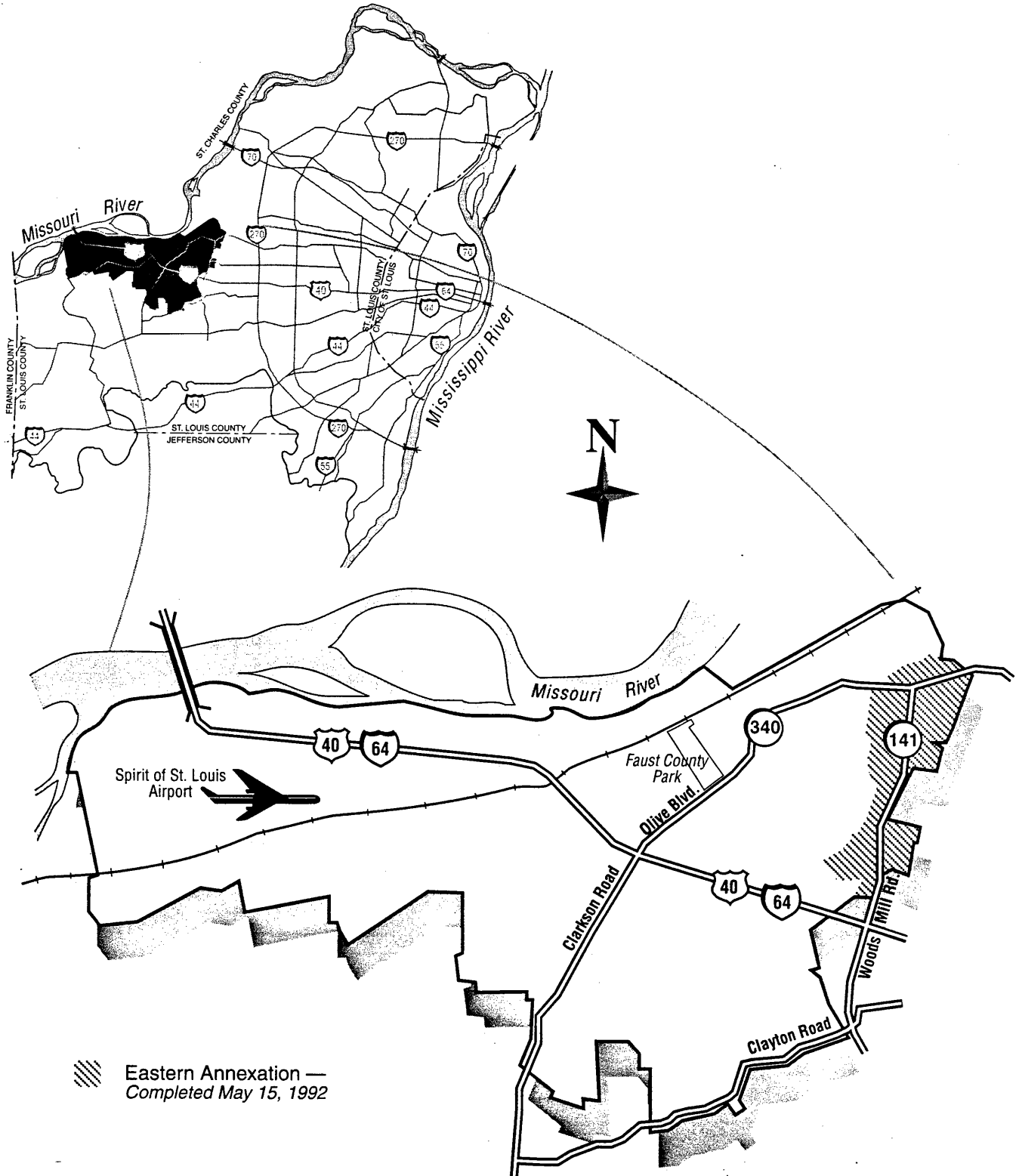
No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or to make any representation with respect to the Certificates offered hereby other than those contained in this Official Statement, and, if given or made, such other information or 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 shall there be any sale of the 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 it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. 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 shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CITY AND 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.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
INTRODUCTION	1	Major Employers.....	17
General	1	Financial Institutions	17
Plan of Financing.....	1	DEBT STRUCTURE OF THE CITY.....	18
Limited Obligations.....	2	Financial Overview	18
Additional Certificates.....	2	General Obligation Indebtedness	18
Continuing Disclosure Information.....	2	Overlapping Indebtedness.....	18
Definitions and Descriptions;		Revenue Obligations	19
Inspection of Documents.....	3	Lease Obligations	19
THE CERTIFICATES	3	Anticipated Future Borrowings.....	19
Description	3	Debt Service Requirements.....	20
Exchange, Transfer and Registration		FINANCIAL INFORMATION	
of Certificates	3	CONCERNING THE CITY.....	20
Prepayment Provisions	4	Reporting Entities.....	20
Acceleration.....	5	Accounting, Budgeting and Auditing	
SECURITY FOR THE CERTIFICATES	6	Procedures	21
Limited Obligations; Sources of Payment ..	6	Summary Statement of Revenues,	
Reserve Fund	6	Expenditures and Changes in Fund	
Maintenance and Insurance		Balances - General Fund	
of the Facility	7	General Fund Revenue Sources	26
Additional Certificates.....	7	Major Utility Taxpayers	26
THE TRUSTEE	8	PROPERTY TAX INFORMATION	
RISK FACTORS.....	9	CONCERNING THE CITY.....	26
Limited Obligations.....	9	Property Valuations.....	26
Expiration or Termination of the Lease	9	Property Tax Levies and Collections.....	28
Delays in Exercising Remedies.....	10	Major Taxpayers	28
Destruction of the Facility	11	RATINGS	29
Effect of Termination of the Lease		FINANCIAL STATEMENTS	29
on Tax-Exemption.....	11	APPROVAL OF LEGALITY	29
PLAN OF FINANCING	12	TAX MATTERS	29
Sources and Uses of Funds.....	12	Opinion of Special Tax Counsel	29
GENERAL INFORMATION		Other Tax Consequences	30
CONCERNING THE CITY	12	ABSENCE OF LITIGATION.....	31
Economic Condition and Outlook.....	12	FINANCIAL ADVISOR.....	31
Population.....	13	CONTINUING DISCLOSURE	
Type of Government	14	INFORMATION.....	31
City Council.....	14	MISCELLANEOUS	33
City Administration	14	Appendix A: Definitions of Words and Terms and	
Awards.....	14	Summaries of Legal Documents	
Municipal Services	15	Appendix B: Preliminary Independent Auditor's	
Employees and Employee Relations	15	Report and Audited Financial	
Pension Plan	16	Statements of the City for the year	
Transportation.....	16	ended December 31, 1994 (Selected	
Unemployment	16	Portions)	
		Appendix C: Form of Legal Opinion	

City of Chesterfield, St. Louis County, Missouri



Prepared by

A.G. Edwards & Sons, Inc.

OFFICIAL STATEMENT

\$2,900,000*

CERTIFICATES OF PARTICIPATION (City of Chesterfield, Missouri, Lessee), Series 1995

Evidencing Proportionate Interests of the Owners Thereof
in Base Rentals Payable, Subject to Annual Appropriation, by the

CITY OF CHESTERFIELD, MISSOURI

Pursuant to a Lease/Purchase Agreement

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 of Certificates of Participation (City of Chesterfield, Missouri, Lessee), Series 1995, in the aggregate principal amount of \$2,900,000* (the "Certificates"). The Certificates represent proportionate interests in Base Rentals to be paid by the City of Chesterfield, Missouri (the "City") pursuant to an annually renewable Lease/Purchase Agreement dated as of August 1, 1995 (the "Lease"), between Magna Trust Company, St. Louis, Missouri (the "Trustee"), as lessor, and the City, as lessee. The Trustee has agreed to execute and deliver the Certificates pursuant to a Declaration and Indenture of Trust dated as of August 1, 1995 (the "Indenture"), to finance the City's acquisition and construction of a maintenance facility (the "Facility"). The Base Rentals constitute rent for the Facility pursuant to the Lease.

Plan of Financing

Pursuant to the terms of the Lease, the Trustee will agree to deliver the Certificates in order to provide funds to acquire and construct the Facility. The Trustee will lease the Facility to the City for an initial term ending on December 31, 1995 (the "Initial Term"), with nineteen (19) successive renewal terms (the "Renewal Terms"), at the option of the City, with the last Renewal Term expiring not later than August 16, 2015 (one day after the final stated payment

* Preliminary, subject to change.

date of the Certificates). Each of the Renewal Terms is subject to a renewal election and to annual budget appropriations by the City, as described herein.

A portion of each Base Rental will be used to pay interest with respect to the Certificates, and a portion of each Base Rental will be used to pay principal and prepayment premium, if any, with respect to the Certificates. Payments under the Lease are designed to be sufficient, together with other funds available for such purpose, to pay when due the principal of, prepayment premium, if any, and interest distributable with respect to the Certificates.

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 sufficient to pay the principal and interest distributable with respect to the Certificates, but only if and to the extent that the City Council of the City annually appropriates sufficient moneys to pay the Base Rentals coming due during each succeeding Rental Term.

Neither the Certificates, the Lease nor any payments required under the Lease shall 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 moneys 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 make Base Rentals or renew the Lease after the Initial Term or 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 Facility on an annual basis at the end of the Initial Term of the Lease and at the end of any Renewal Term thereof.

Neither the Certificates nor the Lease shall constitute a debt or liability of the City or of the State of Missouri or of any political subdivision thereof, nor shall they constitute an indebtedness within the meaning of any constitutional, statutory or charter debt limitation or restriction. The execution and delivery of the Lease shall 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.

Additional Certificates

The Indenture provides for the future issuance of Additional Certificates which, if issued, would rank on a parity with the Certificates and any other Additional Certificates then Outstanding under the Indenture. See the caption "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE -- Additional Certificates" in *Appendix A* hereto.

Continuing Disclosure Information

The City has covenanted in the Lease that it will provide to one or more municipal securities information repositories such continuing disclosure information as is required by applicable securities laws and regulations for municipal securities dealers to make a market in or trade the Certificates. In addition, interested persons may obtain a copy of the most recent audited financial statements of the City, at the expense of such persons, by writing the City Clerk, 922 Roosevelt Parkway, Chesterfield, Missouri 63017. See "CONTINUING DISCLOSURE INFORMATION" herein.

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 A* to this Official Statement. Brief descriptions of the 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 the City 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 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 CERTIFICATES

Description

The Certificates are dated August 1, 1995, and the principal component of Base Rentals distributable with respect to each Certificate will bear interest at specified rates as set forth on the cover page hereof. The interest component of Base Rentals distributable with respect to the Certificates will be payable semiannually on February 15 and August 15 of each year beginning on February 15, 1996 (collectively the "Payment Dates"). The principal component of Base Rentals distributable with respect to the Certificates is payable on August 15 of each year in the principal amounts set forth on the cover page of this Official Statement.

Interest distributable with respect to the Certificates is payable by check or draft mailed by the Trustee to the person in whose name each Certificate is registered on the first day of the calendar month containing such Payment Date at such person's address as it appears on the registration books kept by the Trustee under the Indenture (the "Register"). Principal distributable with respect to the Certificates is payable upon presentation and surrender thereof at the principal corporate trust office of the Trustee.

Exchange, Transfer and Registration of Certificates

Certificates are transferable only upon the books of the Trustee upon presentation and surrender of the Certificates, together with instructions for transfer. Certificates may be exchanged for other 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.

Prepayment Provisions

Optional Prepayment. The Certificates with stated payment dates of August 15, 2003 and thereafter are subject to prepayment at par on August 15, 2002 or any Payment Date thereafter, (1) in whole if the City exercises its option to purchase the Trustee's interest in the Facility and deposits an amount sufficient to effect such purchase pursuant to the Lease on the applicable Optional Prepayment Date, or (2) in part if the City prepays additional Base Rentals pursuant to the Lease. Any prepayment of the Certificates pursuant to this paragraph will be at a prepayment price equal to the principal component of Base Rentals represented thereby plus the interest component of Base Rentals accrued thereon to the Prepayment Date.

Extraordinary Optional Prepayment in the Event of Damage, Destruction or Condemnation. The Certificates are subject to prepayment in whole on such Payment Date as the Trustee determines as described below, 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, in the event that (1) the Facility is damaged or destroyed, in whole or in part, or are taken in a condemnation proceeding, or certain events occur with respect to the title to the Facility, (2) the Net Proceeds of any insurance policy or condemnation award, plus all amounts required to be paid as deductibles thereunder, made available by reason of one or more such occurrences, are insufficient to pay in full the cost of repairing, restoring, modifying, improving or replacing the affected portion of the Facility, and (3) the City elects, pursuant to the Lease, to apply such Net Proceeds to the payment of the Option Price applicable on the next occurring Optional Prepayment Date together with such other moneys as the City is required to provide pursuant to the Lease to assure that sufficient moneys are available to pay the Option Price in full. If so called for prepayment, Certificates will be subject to prepayment on the next Payment Date for which timely notice of prepayment is given as provided in the Indenture. See "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE -- Damage, Destruction and Condemnation" in *Appendix A* hereto.

Partial Prepayment of Certificates. 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 for all purposes in connection with such partial prepayment. 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 such Certificate must forthwith surrender such Certificate to the Trustee (a) for payment of the prepayment price of the \$5,000 unit or units of face value called for prepayment and (b) for 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 so prepaid in part. 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 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 Certificate represented by such \$5,000 unit or units of face value on and after the prepayment date and (funds sufficient for the payment of the prepayment price having been deposited with the Trustee, and being 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 nor will new Certificates be thereafter issued corresponding to such unit or units. Certificates will be prepaid only in the principal amount of \$5,000 each or integral multiples thereof.

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 such other equitable manner as the Trustee determines.

Notice of Prepayment. Official notice of any prepayment of Certificates shall be given by the Trustee by mailing a copy of the notice at least 30 days and not more than 60 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 and in either case the terms and conditions of the Indenture are satisfied, the principal component of Base Rentals then unpaid with respect to the Certificates will be declared immediately due and payable. If there are not sufficient moneys 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 moneys 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" 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 A* hereto.

SECURITY FOR THE CERTIFICATES

Limited Obligations; Sources of Payment

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

The obligation of the City to make Base Rentals and other payments under the Lease is subject to annual appropriation by the City Council and shall not constitute a debt or liability of the City, the State of Missouri or any political subdivision thereof. Neither the Lease nor the Certificates shall constitute an indebtedness within the meaning of any constitutional, statutory or charter debt limitation or restriction. The execution and delivery of the Lease and the Certificates does 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 the Initial Term or any Renewal Term, it is obligated to budget, appropriate and set aside a portion of its general revenues derived from property taxes and other sources, which appropriation shall be sufficient to make the Base Rentals coming due during the ensuing fiscal year. The City is obligated to make Base Rentals to the Trustee on the first day of each month containing a Payment Date, which payments shall be sufficient to enable the Trustee to pay the principal, premium, if any, and interest distributable with respect to the Certificates becoming due during such fiscal year (but only if the City elects to renew the Lease for each Renewal Term). THERE CAN BE NO ASSURANCE THAT THE CITY COUNCIL WILL APPROPRIATE FUNDS FOR BASE RENTALS OR RENEW THE LEASE AFTER THE INITIAL TERM. THE CITY IS NOT LEGALLY REQUIRED TO BUDGET OR APPROPRIATE MONEYS 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 initially funded in an amount equal to the least of (a) 10% of the original principal amount of the Certificates, (b) the maximum annual Base Rentals with respect to the Certificates, and (c) 125% of the average annual Base Rentals with respect to the Certificates (the "Reserve Requirement"). Moneys in the Reserve Fund shall be used solely (i) to make up any deficiencies in the Certificate Payment Fund and, in the event that the 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 of the City. 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 shall be valued at the market value thereof, including accrued interest. The Trustee shall value the Reserve Fund quarterly. If on any such date the Reserve Fund exceeds the Reserve Requirement, the Trustee shall transfer such excess to the Certificate Payment Fund. If on any such date the amount on deposit in the Reserve Fund is less than the Reserve Requirement, under the Lease the City is required to make up any deficiency for deposit in the Reserve Fund.

Maintenance and Insurance of the Facility

The City will agree in the Lease, at its own expense, to maintain, manage and operate the Facility in good order, condition and repair, ordinary wear and tear excepted. The City will 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. As provided in the Lease, the Trustee and the Owners of the Certificates will not have any obligation to incur any expense of any kind or character for the management, operation or maintenance of the Facility during the term of the Lease.

The Facility is required to be insured to the extent described in *Appendix A* hereto under "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE -- Insurance." All Net Proceeds from policies of insurance or condemnation awards which are received by the Trustee are required to be deposited into the Insurance Fund under the Indenture. If such Net Proceeds are sufficient to repair, restore, modify, improve or replace the affected portion of the Facility, such Net Proceeds are to be so applied.

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 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 will not be entitled to any reimbursement therefor from the Trustee or the Owners of the Certificates, nor will the City be entitled to any diminution of the Base Rentals or Supplemental Rent; or

(ii) if the failure to repair or restore does not materially detract from the value of the Facility, then the City may discharge its obligation to repair or replace the Facility by causing such Net Proceeds and other moneys to be deposited into the Certificate Payment Fund to be used for the purposes of such Fund pursuant to the Indenture; or

(iii) apply such Net Proceeds to the purchase of the Trustee's interest in the Facility. If the Net Proceeds are insufficient to purchase the Trustee's interest in the Facility, the City is required to pay such amounts as are necessary to purchase the Trustee's interest in the Facility. If the Net Proceeds exceed the amount necessary to purchase the Trustee's interest in the Facility, such excess will be retained by the City.

Additional Certificates

Additional Certificates may be executed and delivered pursuant to the Indenture as the City may deem necessary or desirable to provide funds to pay one or more of the following: (a) the costs of any Additional Project; (b) to refund all or part of any series of Certificates; (c) the costs relating to the execution and delivery of the Additional Certificates; and (d) interest during the estimated period of acquisition and construction of the completion of any Additional Project, all as described under "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE -- Additional Certificates" in *Appendix A* hereto. All Additional Certificates will be secured by the lien of the Indenture and will rank on a parity with the Certificates. Unless provided otherwise in a supplement to the Indenture, any Additional Certificates will be in substantially the same form as the 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

Magna Trust Company, organized and existing under the laws of the State of Illinois will be the Trustee under the Indenture and lessor under the 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 or the 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 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 gross negligence or willful misconduct, nothing contained in the Indenture or the 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 or the 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 shall 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, the Trustee shall 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

The purchase of the Certificates involves certain investment risks that are discussed throughout this Official Statement. Each prospective purchaser of the 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 Certificates are described below.

Limited Obligations

The Certificates are payable from amounts due under the Lease, which constitute currently budgeted expenditures of the City, payable only if the City Council appropriates sufficient moneys to extend the term of the Lease for each successive fiscal year. The Initial Term of the Lease commences as of August 1, 1995 and expires on December 31, 1995. The Lease is thereafter subject to nineteen (19) successive one-year Renewal Terms commencing on January 1 of each year, and a final renewal term commencing January 1, 2015 and ending August 16, 2015. The City's obligations under the Lease do not constitute an indebtedness within the meaning of any constitutional, statutory or charter debt limitation or restriction.

The City Council 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 Facility. 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 to enable the Trustee to timely pay the principal and interest component of Base Rentals distributable with respect to the Certificates is dependent upon certain factors which are beyond the control of the Owners, including (a) the continuing need of the City for the Facility, (b) the demographic conditions within the City, (c) the ability of the City to generate sufficient funds from property taxes, utility fees and charges and other sources to pay its obligations under the Lease and the other obligations of the City, and (d) the value of the Facility if relet or sold in a foreclosure or other liquidation proceeding instituted by the Trustee in the event of the termination of the term of the Lease as a result of an Event of Default or Event of Nonappropriation.

Expiration or Termination of the Lease

The Lease will expire by its terms on December 31 during each year from 1995 through 2015, unless the City in its sole discretion exercises the option provided in the Lease to extend its term for each next succeeding Renewal Term with a final Lease expiration date of August 16, 2015. 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 the Initial Term or the then current Renewal Term. Upon (a) the expiration of the Initial Term or any Renewal Term during which an Event of Nonappropriation occurs (which is not waived by the Trustee as provided in the Lease) or (b) a default under the Lease and an election by the Trustee to terminate the possessory interest of the City under the Lease, the City's right of possession of the Facility 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 A hereto.

If the City's right of possession of the Facility under the Lease expires or is terminated for either of the reasons described in the preceding paragraph, the obligation of the City to make payments thereunder will continue through the Initial Term or the Renewal Term then in effect, but not thereafter, and the Certificates will be payable from, among other sources, such moneys as may be available by way of recovery from the City of the Base Rentals that are due through the Initial Term or the Renewal Term then in effect. If the Lease expires at the end of the Initial Term or 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 Facility under the Lease, the Trustee may recover and relet or sell its interest in the Facility as provided in the Indenture. The net proceeds of any reletting or sale of the Trustee's interest in the Facility, together with certain other moneys then held by the Trustee under the Indenture, are required to be used to pay the Certificates to the extent of such moneys. However, no assurance can be given that the Trustee could relet or sell its interest in the Facility for the amount necessary (after taking into account moneys 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 sale of the Trustee's interest in the Facility will be available to provide for the payment of the Certificates on a timely basis.

Delays in Exercising Remedies

A termination of the City's right of possession of the Facility 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 the Initial Term or any Renewal Term without an extension for the next succeeding Renewal Term will give the Trustee the right to possession of, and the right to relet or foreclose upon and sell, its interest in the Facility in accordance with the provisions of the Lease and the Indenture. However, the enforceability of the 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 Facility is used by the City for the performance of essential governmental functions of the City. Due to the essential governmental use of the Facility and the delays inherent in obtaining foreclosure upon real property and other judicial remedies, no assurance can be given that (a) a court, in the exercise of judicial discretion, would enforce these remedies in a timely manner, or (b) any moneys 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. In the event any such moneys are 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 Facility, of necessity, will result in delays in

any payment of principal and interest components of Base Rentals with respect to the Certificates.

Destruction of the Facility

The Lease requires the Facility to be insured as described in "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE -- Insurance" in *Appendix A* hereto. In the event of damage to or destruction of the Facility, the City is nevertheless required to continue to make Payments under the Lease, subject to the exercise of its option provided in the Lease 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 Facility. If the net proceeds from insurance and such other sources are sufficient to repair, restore, modify, improve or replace the affected portion of the Facility, such proceeds are to be so applied. If the net proceeds are insufficient for such purpose, (a) 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, in order for the affected portion of the Facility to be repaired, restored and replaced, (b) if the failure to repair or restore does not materially detract from the value of the Facility, such net proceeds may be deposited into the Certificate Payment Fund, or (c) 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 A* hereto.

Effect of Termination of the Lease on Tax-Exemption

Special Tax Counsel is not rendering an opinion with respect to the tax-exempt status of the Interest Component of the Base Rentals distributable to Certificate owners subsequent to the termination of the Lease for any reason (including an Event of Default under the Lease or an Event of Nonappropriation). If the Lease is terminated while Certificates are outstanding, there is no assurance that payments made to 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.

PLAN OF FINANCING

Sources and Uses of Funds

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

Sources of Funds:

Proceeds of the Certificates.....	
Available funds of the City.....	
Total.....	

Uses of Funds:

Deposit to Reserve Fund.....	
Costs of Issuance.....	
Capitalized Interest.....	
Deposit to Construction Fund.....	
Total.....	

GENERAL INFORMATION CONCERNING THE CITY

Economic Condition and Outlook

The City of Chesterfield, Missouri (the "City") is located on the western edge of St. Louis County (the "County"). The City was incorporated under Missouri law as a third class city on June 1, 1988.

In May 1992 the City annexed an area containing 1.6 square miles located on the eastern border of the City, thereby increasing the size of the City to 29 square miles, the largest in St. Louis County. The 1992 population of the annexed area was 3,671.

According to the Census Bureau's latest estimates (1992) the City has a population of 44,206, including the area annexed in May 1992. The City's median household income, at \$72,360, is 77% higher than the median St. Louis County household income and 33% higher than the median West County household income. The median home value is approximately \$193,211, more than twice the median value for the County.

The City is considered by many to be one of the fastest growing cities in the Midwest. The City already has a thriving business community and is currently in the process of establishing a business district convenient to both the City of St. Louis to the east and St. Charles County to the north. Continuing improvements of I-64/Highway 40 assure the City greater opportunity for growth, enhancing its accessibility to downtown St. Louis. The national and international headquarters and regional offices of corporations such as

McDonald's Corporation, Merrill Lynch, Mallinckrodt Specialties Chemical Company, Wagner Brake and Shell Oil Company are located in the City of Chesterfield. In addition, Monsanto has a \$150 million Life Sciences Research Center which occupies approximately 900,000 square feet or 210 acres within the City.

The City has a strong retail base with Chesterfield Mall, a 1.5 million square foot enclosed shopping space, including three anchor stores (Dillard's, Famous Barr and Sears), 30 restaurants, a four-screen cinema, and more than 145 boutiques, shops, stores and services. An additional anchor store is planned for the near future. This expansion will complete the mall's original design by adding approximately 424,000 square feet of retail space. Chesterfield Mall is one of the largest suburban shopping centers in the metropolitan St. Louis area and is complemented by several smaller shops and boutiques in the surrounding areas.

The City's western corridor, referred to as Chesterfield Valley, expanded dramatically over the last several years, with light industrial and office/warehouse facilities. About 150 companies are now located in Chesterfield Valley, with a total employment of approximately 3,000. With approximately 2,786 acres of developable land available, economic growth and development are expected to continue. Chesterfield Valley is rebounding from severe flooding in 1993 from the Missouri River. The levee has been reconstructed to the 100-year flood protection line and the area has been designated as a tax increment financing (TIF) district.

Population

Population growth directly impacts the City's bottom line in terms of total revenues. The 1990 census originally indicated that 37,991 people resided in the City of Chesterfield. The U.S. Bureau of Census later revised their 1990 estimate to 42,314, which includes the area annexed in May, 1992. This population figure reflects a total increase of 48.8% over the area's 1980 population. Since a significant amount of the City's revenue is based on population (e.g. sales tax, motor fuel tax, motor vehicle sales tax and cigarette tax), this 48.8% increase has a sizable impact on the City's revenues.

The Bureau of the Census has released its 1992 population estimate which reflects a growth of approximately 4.5% to 44,206.

Presently, Chesterfield is the second largest city in St. Louis County in terms of population and the largest in terms of area with over 29 square miles.

Source: State of Missouri Demographer and the U.S. Bureau of the Census

Type of Government

The City is governed under the City Administrator form of government. The legislative body of the City is the City Council which is comprised of eight council members, (two from each Ward) and a mayor. Council members are elected to serve two-year terms, one-half of which expire annually.

The Mayor, elected at large to serve a four-year term, is the presiding officer of the City Council. The Mayor may vote in the event of a tie by the City Council.

City Council

	<u>Date First Elected</u>	<u>Date Present Term Expires</u>
Jack Leonard, Mayor	April 1990	April 1997
Colleen Hilbert	April 1993	April 1997
Barry Flachsbart	April 1988, April 1994*	April 1996
Ed Levinson	April 1992	April 1996
Barry Streeter	April 1995	April 1997
Daniel Hurt	April 1989	April 1997
Alan J. Politte	April 1990	April 1996
Linda Tilley	April 1990	April 1996
Mike Cullen	August 1994	April 1997

* Mr. Flachsbart served on the City Council from 1988 to 1990 and then was re-elected in 1994.

City Administration

Michael G. Herring, *City Administrator*. Mr. Herring was selected as City Administrator following a nationwide search and began his service to the City in July 1988. Prior to working for the City, Mr. Herring served as City Administrator of Ballwin, Missouri, City Administrator of Garden City, Georgia (a suburb of Savannah, Georgia) and Town Administrator for Ridgeland, South Carolina.

Mr. Herring is a Phi Beta Kappa graduate of the University of South Carolina, where he received a Masters in Public Administration (M.P.A.) and a Bachelor of Arts in Political Science.

Mr. Herring received the "Outstanding Achievement in Local Government-1990" Award from the East-West Gateway Coordinating Council for helping to establish Chesterfield's newly-formed government, and has served as president of both the St. Louis Area City Management Association and the Missouri City Managers Association.

Janet S. Hawn, *Finance Director*. Ms. Hawn began employment with the City in September 1988 with over nine years of experience in local government. Prior to joining the

City, Ms. Hawn served as Finance Officer for the City of Bridgeton, Missouri and Circuit City Administrator for several municipalities in the Normandy, Missouri area.

Ms. Hawn is a Summa Cum Laude graduate of the University of Missouri in St. Louis, where she received a Master of Public Policy Administration and a Bachelor of Arts in Political Science.

Ms. Hawn is active in the Missouri and St. Louis Chapter of the Municipal Finance Officers and Treasurers Association and serves on the Committee on Governmental Budgeting and Management of the Government Finance Officers Association of the United States and Canada.

Awards

The City Council, the City Administration and the City's auditor have worked together to produce annual audits which are easily readable and efficiently organized, satisfying both generally accepted accounting principles and applicable legal requirements.

As a result of this effort the Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Reports for each of the fiscal years ending December 31, 1989, 1990, 1991, 1992 and 1993. This Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government reports.

The GFOA has also awarded its Distinguished Budget Presentation award to the City for its 1991, 1992, 1993 and 1994 Annual Operating Budgets. The Distinguished Budget Presentation award is the highest form of recognition in governmental budgeting. The attainment of this award represents a significant achievement by the elected officials and administrative staff of the City.

These awards are valid for one year only. The City plans to submit its current budget and Comprehensive Annual Financial Report to GFOA to determine its eligibility for additional awards.

Municipal Services

The City provides its residents with a full range of municipal services. These services include legislative, administrative, policy services, judicial, planning and public works.

Employees and Employee Relations

The City has 124 full-time employees and 16 part-time employees, including police officers. Under Missouri law, employees of the City do not have the authority to bargain collectively. The City has had no work stoppages or significant employee disputes since its incorporation in 1988.

Pension Plan

In 1989, the City established a money purchase retirement plan (a defined contribution plan) funded through Manufacturers Life Insurance Company. All employees are eligible to participate in the plan after they have completed one year of service and are 18 years of age or older. Per City ordinance, the City contributes an amount equal to 6% of compensation of eligible participants and no contribution is required from City employees. All employees are vested at 20% after three years of service and an additional 20% per year thereafter, making the employees fully vested after seven years of credited service. The City's contribution for 1994 was \$202,784 or 6% of covered payroll.

Total covered payroll for 1994 was \$3,379,736 or 5% of the total City payroll of \$3,959,418.

Transportation

The City's geographic location provides easy access to all areas of metropolitan St. Louis via Interstate 64/U.S. Highway 40 which runs for nine miles through the City and has six interchanges within the City.

Commercial rail service is provided by the St. Louis Southwestern Railroad which runs through Chesterfield Valley.

Charter and commercial air service is available at the Spirit of St. Louis Airport located within the City. Spirit of St. Louis Airport is the second busiest airport in its FAA region (Missouri, Iowa, Kansas and Nebraska). Spirit of St. Louis Airport has 7,000 and 3,800 foot runways and the capacity to base 700 airplanes. Spirit, with its FAA Flight Service Station, terminal service and overhaul amenities, is a major economic generator for the region's commerce. With the proposed commuter service to Kansas City, Tulsa, Nashville and other Midwestern destinations, Spirit will continue to be a leader in the City's growth.

Regularly scheduled air passenger and freight service is available at Lambert St. Louis International Airport located approximately 15 miles northeast of the City.

Unemployment

	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>	<u>1990</u>
City of Chesterfield	1.8%*	2.5%*	2.2%*	2.6%*	2.2%*
St. Louis County	3.6	4.9	4.3	5.1	4.3
State of Missouri	4.9	6.4	5.7	6.6	5.7
U.S.	6.1	6.8	7.4	6.7	5.5

*These rates are unofficial and do not necessarily reflect current economic conditions.

Source: Missouri Division of Employment Security, Research and Analysis Department

Major Employers

Listed below are the largest identifiable employers within the City's geographical boundaries. The City's proximity to other industrial, commercial and educational centers within the St. Louis Metropolitan Area facilitates cross-over employment patterns for residents of the metropolitan area.

<u>Company</u>	<u>Product/Service</u>	<u>No. Employees</u>
Parkway School District	Education	6,700
Chesterfield Mall	Retail Shopping Mall	2,500
St. Luke's Hospital	Health Care	2,500
Spirit of St. Louis Airport ¹	Airport	2,500
Rockwood School District	Education	2,125
Citicorp	Financial	1,900
Monsanto Life Science Center	Research Center	1,150
Mark Andy, Inc.	Printing Press Manufacturer	270
Mallinckrodt Specialty Chemicals	Administrative Office	250
Doubletree Hotel & Conference Center	Hotel	250
Wagner Brake & Lighting	Automotive Parts	200
Sachs Electric	Electrical Contracting	150
Logan College of Chiropractic	Education	150

¹ 125 Companies

Source: Chesterfield Community Development Corporation.

Financial Institutions

There are currently eight banks and one credit union which have facilities located in the District. Deposits or total assets of such financial institutions (including all main and branch facilities, some of which are not physically located within the District) were, as of June 30, 1994:

<u>Institution</u>	<u>Total Deposits</u>	<u>Total Assets</u>
Boatmen's National Bank of St. Louis	\$6,131,814,000	
Commerce Bank, National Association	2,358,356,000	
Division No. 6 Highway Credit Union		\$8,807,000
First Bank	681,940,000	
First National Bank of St. Louis	272,462,000	
Magna Bank of Missouri	1,157,799,000	
Mark Twain Bank	1,415,274,000	
Mercantile Bank of St. Louis, N.A.	3,111,694,000	
Roosevelt Bank, A Federal Savings Bank	5,073,934,000	

DEBT STRUCTURE OF THE CITY

Financial Overview

The following table summarizes certain financial information concerning the City. This information should be reviewed in conjunction with the information contained in this section and the financial statements of the City in *Appendix B* hereto.

Population, 1990:	42,314
Assessed Valuation ⁽¹⁾ (1/1/94):	\$751,200,387
Estimated Market Value (1/1/94):	\$3,301,383,809
Outstanding General Obligation Debt:	\$11,000,000
Outstanding Lease Obligations:	<u>\$2,900,000</u>
Total Direct Debt (General Obligation and Lease Obligations)	\$13,900,000
Overlapping General Obligation Debt:	\$37,995,358
Per Capita Direct and Overlapping General Obligation Debt:	\$1,226.43
Ratio of Direct Debt to Assessed Valuation:	1.85%
Ratio of Direct Debt to Estimated Market Value:	.42%
Ratio of Direct and Overlapping General Obligation Debt to Assessed Valuation:	6.91%
Ratio of Direct and Overlapping General Obligation Debt to Estimated Market Value:	1.57%

⁽¹⁾ Includes locally and state assessed railroad and utility property. Subject to adjustment by the Board of Equalization.

General Obligation Indebtedness

As of June 1, 1995, the outstanding general obligation indebtedness of the City is as follows:

<u>Category of Indebtedness</u>	<u>Date of Indebtedness</u>	<u>Principal Amount Outstanding</u>
General Obligation	February 15, 1995	\$11,000,000

Overlapping Indebtedness

The following table sets forth the approximate overlapping indebtedness of political subdivisions with boundaries overlapping the City as of June 1, 1995, and the portion of such indebtedness attributable (on the basis of assessed valuation) to the City. The table was

compiled from information furnished by the jurisdictions responsible for the debt, and the City has not independently verified the accuracy or completeness of such information. Furthermore, political subdivisions may have ongoing programs requiring the issuance of substantial additional bonds, the amounts of which cannot be determined at this time.

<u>Jurisdiction</u>	<u>Outstanding General Obligation Indebtedness</u>	<u>Percent Applicable to City</u>	<u>Amount Applicable to City</u>
St. Louis County	\$171,160,000	6.11%	\$10,457,876
Parkway School District	59,395,000	24.57	14,593,351
Rockwood School District	79,465,000	12.45	9,893,392
Chesterfield Fire Protection District	4,190,000	72.81	<u>3,050,739</u>
Total Overlapping Debt			\$37,995,358

Revenue Obligations

The City has no outstanding revenue obligations.

Lease Obligations

In addition to the Certificates, the City has in the past leased various equipment under capital leases, however, as of December 31, 1994 the City has no outstanding capital lease obligations.

The City leases equipment under certain operating lease agreements with terms in excess of one year. Annual aggregate lease payments remaining under the operating lease agreements as of December 31, 1994 are as follows:

<u>Year</u>	<u>Amount</u>
1995	\$36,000
1996	36,000

The City has had total rent expenditures of \$282,654 for 1994. These were included as contractual services expenditures of the General Fund.

Anticipated Future Borrowings

The City is in the process of completing a Comprehensive Capital Projects Plan of Finance. Identified capital project needs include: street upgrade and repair, City Hall and police headquarters complex, maintenance facilities and community/recreation center. The prioritization and method of financing for these capital projects is under consideration at this time.

Debt Service Requirements

<u>Fiscal Year</u>	<u>Principal*</u>	<u>Interest</u>	<u>Total Debt Service Requirement</u>
1996	\$ 85,000		
1997	90,000		
1998	95,000		
1999	100,000		
2000	100,000		
2001	110,000		
2002	115,000		
2003	120,000		
2004	125,000		
2005	130,000		
2006	140,000		
2007	145,000		
2008	155,000		
2009	165,000		
2010	175,000		
2011	185,000		
2012	195,000		
2013	205,000		
2014	220,000		
2015	<u>245,000</u>		
TOTAL	<u>\$2,900,000</u>		

FINANCIAL INFORMATION CONCERNING THE CITY

The following financial information concerning the City is included to provide the background information regarding the financial, accounting and budgetary practices of the City.

Reporting Entities

The general purpose financial statements present financial information on activities of the City for which the City Council has oversight responsibility. Oversight responsibility is defined as control by or dependence on the City as determined on the basis of selection of the governing body, budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the City, obligations of the City to finance any deficits that may occur, or receipt of significant subsidies from the City. As required by generally accepted accounting principles, these financial statements present the City of Chesterfield and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its financial relationships with the City.

* Preliminary, subject to change.

Based on the foregoing definition of oversight responsibility, the City's general purpose financial statements include all funds, account groups, agencies, boards, commissions, and authorities that are controlled by or dependent on the City. The general purpose financial statements do not include the operations of the Chesterfield Fire Protection District as it is a separate entity from the City, and does not meet any of the other oversight criterion of the City as defined above.

Component Unit. The component unit columns in the combined financial statements include the financial data of the City's component unit. It is reported in a separate column to emphasize that it is legally separate from the City.

Chesterfield Community Development Corporation (CCDC) - The members of the governing board of CCDC are appointed by the Mayor. Although CCDC is not controlled by the City, the City provides a material subsidy to CCDC primarily to finance the operations of the organization.

Complete financial statements of CCDC can be obtained at 135 Chesterfield Industrial Boulevard, Chesterfield, Missouri 63005.

Accounting, Budgeting and Auditing Procedures

The accounting policies of the City conform to generally accepted accounting principals (GAAP) as applicable to governmental units. The following is a summary of the significant policies.

Basis of Accounting. All governmental funds are accounted for using the modified accrual basis of accounting. Under this method of accounting, revenues are recognized in the period in which they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues which are considered susceptible to accrual include sales taxes, utility gross receipts taxes and certain intergovernmental revenues. Expenditures are recognized in the period in which the funds liability is incurred, if measurable, except principal and interest on general long-term debt which is recognized when due.

Fund Accounting. The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The various funds are summarized by type in the general purpose financial statements. The following fund types and account groups are used by the City:

Governmental Fund Types. Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities are accounted for through

governmental funds. The measurement focus is upon determination of changes in financial position. The following is the City's governmental fund type:

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

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources designated for the acquisition or construction of major capital facilities or improvements.

Fiduciary Fund Types - Trust and Agency Funds. Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and other funds. For the City, these include the expendable trust and agency funds. The expendable trust fund is accounted for, and its results of operations are reported similar to, the governmental fund types. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups. Account groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term obligations. The following are the City's account groups:

General Fixed Assets Account Group - This group of accounts is established to account for all fixed assets of the City.

General Long-Term Debt Account Group - This group of accounts is established to account for all long-term debt of the City.

Budget Policies. Each year the City Administrator submits to the City Council a proposed operating budget for all funds, except certain trust and agency funds for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted by ordinance after public hearings are held to obtain taxpayer comments.

City of Chesterfield
Summary Statement of Revenues, Expenditures and
Changes in Fund Balances - General Fund

For the Years Ended December 31,

	Preliminary 1994	1993	1992	1991	1990
Revenues					
Municipal taxes	\$8,197,199	\$ 6,565,107	\$5,913,742	\$5,336,033	\$4,700,199
Intergovernmental	2,745,463	3,212,468	2,122,090	1,712,868	1,586,308
Licenses and permits	547,770	544,796	496,853	454,006	377,264
Charges for services	135,003	95,338	122,455	78,850	87,693
Court fines and fees	377,377	287,591	372,818	345,210	320,906
Interest	233,697	134,561	86,701	90,211	87,256
Miscellaneous	48,615	179,565 ¹	39,389	10,444	29,293
Total Revenues	12,285,124	11,019,426	9,154,048	8,027,622	7,188,919
Expenditures					
Current:					
Legislative	63,386	71,863	124,921	123,223	90,887
Administrative	1,160,205	939,007	894,000	780,102	757,809
Police Services	3,262,201	3,265,910	3,003,391	2,867,205	2,594,516
Judicial	114,222	97,390	95,146	93,393	77,397
Planning and zoning	357,242	289,688	272,069	237,888	219,458
Public works	2,707,228	2,884,227	2,100,466	2,032,890	1,787,000
Parks and recreation	23,218	48,336	16,750	---	---
Capital outlay	831,273	214,652	1,220,149	842,555	1,015,210
Debt service:					
Principal	---	128,069	64,989	175,233	263,237
Interest	---	6,356	16,701	35,246	45,645
Total Expenditures	8,518,975	7,945,498	7,808,582	7,187,735	6,851,159
Revenues Over (Under)					
Expenditures	3,766,149	3,073,928	1,345,466	839,887	337,760
Other financing sources (uses)					
Proceeds from Capital Lease					
Obligations	---	---	---	---	209,814
Operating Transfers In	117,000	---	---	---	---
Operating Transfers Out	(1,964,942)	(1,466,280)	---	---	---
Excess of revenues and other financing sources over expenditures	(1,847,942)	1,607,648	1,345,466	839,887	547,574
Fund Balances - Beginning of Year					
	5,545,821	3,938,173	2,592,707	1,752,820	1,205,246
Residual equity transfer out	(1,000,000)	---	---	---	---
Fund Balances - End of Year	\$6,464,028	\$5,545,821	\$3,938,173	\$2,592,707	\$1,752,820

¹ In 1993 Intergovernmental income accounted for \$3,212,468 or 29.15% of revenues, this was primarily due to FEMA reimbursements of \$935,286 as a result of the 1993 flooding. The significant increase in miscellaneous income resulted from insurance reimbursements of \$157,500.

Source: Compiled from City of Chesterfield's Audited Financial Statements 1989-1994.

General Fund Revenue Sources

General fund revenues totaled \$12,537,173 for the fiscal year ended December 31, 1994, which was the sixth full year of operation for the City since incorporation on June 1, 1988. The following schedule presents a summary of general fund revenues for the fiscal year ended December 31, 1994, and the amount and percent of increases and decreases in relation to 1993 revenues:

<u>Revenues</u>	<u>1994 Amount</u>	<u>Percent of Total</u>	<u>1993 Amount</u>	<u>Increase (Decrease) From Prior Year</u>	<u>Percent of Increase (Decrease)</u>
Utility gross receipts tax	\$ 3,323,852	26.5%	\$3,187,143	\$136,709	4.3%
Sales tax	3,736,487	29.8	3,377,964	358,523	10.6
Use tax	1,136,860	9.1	---	1,136,860	---
Intergovernmental	2,997,512	23.9	3,212,468	(214,956)	(6.7)
Licenses and permits	547,770	4.4	544,796	2,974	.5
Charges for services	135,003	1.1	95,338	39,665	41.6
Court fines and fees	377,377	3.0	287,591	89,786	31.2
Interest	233,697	1.9	134,561	99,136	73.7
Miscellaneous	48,615	.4	179,565	(130,950)	(72.9)
	<u>\$12,537,173</u>	<u>100.0%</u>	<u>\$11,019,426</u>	<u>\$1,517,747</u>	<u>13.8%</u>

Source: City of Chesterfield Preliminary 1994 Audited Financial Statements.

The two largest consistent sources of revenue are the City's gross receipts tax on utilities which accounted for \$3,323,852 or 26.5% of 1994 total revenue and the City's share of the 1% county-wide sales tax which accounted for \$3,376,487 or 29.8% of the total revenue for 1994. The City receives its sales tax revenue through the St. Louis County Sales Tax Pool as described below. These sales tax revenues are based on population rather than the actual retail sales within the City and thus the impact on revenues of a large drop in the retail sales activity within the City is minimized.

The City recognized \$1,136,860 in local use tax in 1994 which included receipts previously held in escrow due to litigation. These receipts were recognized as revenue after being upheld in court, although the local use tax has been challenged again in court within the last couple of months.

Intergovernmental revenues, including motor fuel tax, motor vehicle sales tax, cigarette tax, FEMA refunds, a St. Louis County Policy Academy Grant, and a St. Louis County Grant for Bonhomme Creek appear to be lower in 1994; however, the \$10,727,815 1993 figures includes \$935,287 in FEMA refunds. Exclusive of the FEMA refunds, intergovernmental revenues actually increased \$601,091 or 26.4%. This increase in intergovernmental revenues was due in large part to a 2¢ increase in the motor fund tax and the receipt of various grants, including a grant from I.S.T.E. (\$87,403), state C-B6, (\$117,000) and St. Louis County for Bonhome Creek (\$93,640).

Utility Gross Receipts Tax - The City levies a 5% gross receipts tax on electric, gas, telephone and water companies within the City. The utility tax is collected by the utility companies at the time of their monthly billing and is remitted to the City within 20 days following the last day of each month.

Sales Tax - Cities in St. Louis County receive a proportionate share of the 1% retail sales tax distributed based upon their population as a percentage of the "pool" population. These population figures are adjusted decennially, based upon the latest census figures. Interim changes, *aside from annexations*, are not made.

The sales tax pool method provides the City with a consistent revenue source based on sales activity over the entire St. Louis County area rather than just the retail sales activity within the City itself.

It is estimated for 1995 that there will be a sales tax per capita distribution of approximately \$80.51.

Intergovernmental Revenues - The motor fuel tax, motor vehicle sales tax, cigarette tax, County road and bridge tax, an I.S.T.E.A. (Intermodal Surface Transportation Efficiency Act) grant and a Metropolitan Sewer District grant are included in Intergovernmental Revenues.

The motor fuel tax, the motor vehicle sales tax (includes State-imposed fees for licenses, plates and sales tax) and the cigarette taxes are collected by the State and distributed to municipalities based upon population.

The County road and bridge tax is billed along with other property tax assessments in the fall of each year and distributed to municipalities based upon their assessed valuation as received.

The I.S.T.E.A. grant is funded through the Federal government.

The Metropolitan Sewer District shares in one-third of the cost for storm water projects within the City.

Licenses & Permits - The City collects revenues from the licensing of businesses, liquor sales, vending machines, cable television franchises, trash haulers, alarm companies and a few miscellaneous sources such as excavation permits, grading permits and solicitors' permits.

The annual business license fees are based on square footage as well as the type of business operated. Annual liquor license fees are based on the type of license issued. These licenses as well as the vending machine licenses are issued for the period July 1 through June 30 of each year.

Cable television franchise fees are based on the gross sales of the cable television company annually.

Charges for Services - Charges for services include engineering inspection fees, subdivision processing fees, zoning applications fees, police report fees, false alarm fees, policy holdover fees and other miscellaneous charges as defined by City ordinances.

Major Utility Taxpayers

- Union Electric Company
- Laclede Gas Company
- Southwestern Bell Telephone Company
- St. Louis County Water Company

PROPERTY TAX INFORMATION CONCERNING THE CITY

Property Valuations

Assessment Procedure:

All taxable real and personal property within the City is assessed annually by the County Assessor. Missouri law requires that personal property be assessed at 33-1/3% of true value and that real property be assessed at the following percentages of true value:

Residential real property.....	19%
Agricultural and horticultural real property.....	12%
Utility, industrial, commercial, railroad and all other real property.....	32%

On January 1 of each odd-numbered year, each County Assessor must adjust the assessed valuation of all real property located within the county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The County Board of Equalization has the authority to adjust and equalize the values of individual properties appearing on the tax rolls.

Current Assessed Valuation:

The following table shows the total assessed valuation and the estimated actual valuation, by category, of all taxable tangible property situated in the City according to the assessment of January 1, 1994:

<u>Category</u>	<u>Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Actual Valuation</u>
Real estate:			
Residential	\$448,811,440	19%	\$2,362,165,474
Commercial	163,438,770	32%	510,746,156
Agricultural	<u>1,817,730</u>	12%	<u>15,147,750</u>
Sub-total	\$614,067,940		\$2,888,059,380
Personal property	\$121,996,684	33-1/3% ⁽¹⁾	\$366,056,758
Locally assessed railroad & utility property:			
Real estate	\$ 75,740	32%	\$236,688
Personal property	253,320	33-1/3% ⁽¹⁾	760,036
State assessed railroad & utility property:			
Total	<u>\$ 14,806,703</u>	32%	<u>\$46,270,947</u>
Total	\$751,200,387		\$3,301,383,809

⁽¹⁾ 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 "Assessment Procedure" above.

History of Property Valuation:

	<u>Real Property</u>	<u>Personal Property</u>	<u>Railroad and Utilities</u>	<u>Assessed Value*</u>	<u>% Increase</u>	<u>Estimated Actual Value</u>
1988	\$404,550,560	\$60,998,489	---	\$465,549,049	---	\$2,069,802,320
1989	494,909,830	113,252,888	\$15,309,591	623,472,309	33.92%	2,662,533,859
1990	518,041,910	137,789,071	14,906,377	670,737,358	7.58	2,834,312,386
1991	546,048,970	144,354,921	14,813,513	705,217,404	5.14	2,975,197,738
1992**	611,766,200	156,066,333	14,953,292	782,785,825	11.00	3,297,885,746
1993	623,355,670	146,917,716	14,480,699	784,754,085	.25	3,346,767,746
1994	614,067,940	121,996,684	15,135,763	751,200,387	(4.28)	3,301,383,809

* Assessments are based on a percentage of estimated actual values. Real property is classified as residential, agricultural or commercial. Residential property is assessed at 19%, agricultural is assessed at 12% and commercial is assessed at 32%. All railroad and utility property is assessed at 32%. All personal property is assessed at 33-1/3%.

** The City annexed an area encompassing 1.6 square miles to the east on May 15, 1992.

Source: St. Louis County Assessor and City's audited Financial Statements.

Property Tax Levies and Collections

Tax Collection Procedure:

The City is required by law to prepare an annual budget, which includes an estimate of the amount of revenues to be received from all sources for the budget year, including an estimate of the amount of money required to be raised from property taxes and the tax levy rates required to produce such amounts. The budget must also include proposed expenditures and must state the amount required for the payment of interest, amortization and redemption charges on the City's debt for the ensuing budget year. Such estimates are based on the assessed valuation figures provided by the County Assessor. If the assessed valuation of property in the City has increased by 10% or more over the prior year's valuation by action other than a general reassessment, the rates of levy must be reduced to the extent necessary to produce substantially the same amount of tax revenue as estimated in the City's budget.

The City Collector extends the taxes on the tax rolls and issues the tax statements in early December. Taxes are due by December 31 and become delinquent if not paid to the City Collector by that time. All tracts of land and city lots on which delinquent taxes are due are charged with a penalty of 18% of each year's delinquency. All lands and lots on which taxes are delinquent and unpaid are subject to sale at public auction in August of each year.

Because of the tax collection procedure described above, the City receives the bulk of its moneys from local property taxes in the months of December and January.

Tax Rates

Prior to the current fiscal year the City has not levied a property tax. Beginning in 1995 the City will levy approximately \$.13 per \$100 assessed valuation for the Debt Service Fund.

Major Taxpayers

The following table shows property owners with the largest assessed valuations for 1994:

<u>Taxing Name</u>	<u>Assessed Valuation</u>	<u>% of Assessed Valuation*</u>
Monsanto Company	\$39,655,680	5.28%
St. Louis West Joint Venture	14,283,100	1.90
Union Electric Company	13,000,640	1.73
Friendship Village of West County	8,785,900	1.17
Scott, Joe H. Sr. Tr. Etal.	8,453,900	1.12
Caplaco, Inc.	7,501,190	1.00
St. Lukes Episcopal Presbn. Hospital	5,810,450	.77
Wild Horse Joint Venture	5,169,910	.69
Corporate Plaza Management Company	5,078,340	.68
Chesterfield Stemme, Inc.	4,214,240	.56

RATINGS

It is anticipated that Moody's Investors Service will assign the Certificates the rating set forth on the cover page hereof. Such rating reflects only the views of such rating agency, and an explanation of the significance of such rating may be obtained therefrom. There is no assurance that such rating will remain in effect 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 warrant. Any such downward revision or withdrawal of such rating may have an adverse affect on the market price of the Certificates.

FINANCIAL STATEMENTS

The City maintains its financial records on the basis of a fiscal year ending December 31. Set forth in *Appendix B* are selected portions of the financial statements of the City for the fiscal year ended December 31, 1994. Such financial statements have been examined by Rubin, Brown, Gornstein & Co., St. Louis, Missouri.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, issuance and sale of the Certificates are subject to the approving legal opinion of Gilmore & Bell, P.C., St. Louis, Missouri, Special Tax Counsel. Certain legal matters will be passed upon for the City by Beach, Burcke, Helfers & Mittleman, P.C., St. Louis, Missouri.

Special Tax Counsel has not participated in the preparation of this Official Statement and expresses no opinion as to the accuracy or sufficiency of any information appearing herein except for the matters appearing in the sections of this Official Statement captioned "INTRODUCTION," "THE CERTIFICATES," "SECURITY FOR THE CERTIFICATES," "APPROVAL OF LEGALITY," "TAX MATTERS" and "APPENDIX A: DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF PRINCIPAL DOCUMENTS," and accordingly expresses no opinion as to the accuracy or sufficiency of any other statements, material or financial information contained herein or used in the sale or offering for sale of the Certificates.

TAX MATTERS

Opinion of Special Tax Counsel

In the opinion of Gilmore & Bell, P.C., Special Tax Counsel, under existing law, the portion of the Base Rentals identified in the Lease as the interest component of such Base Rentals (the "Interest Component") paid by the City under the Lease and distributed to the owners of the Certificates is excluded from gross income for federal and Missouri income tax

purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such Interest Component is taken into account in determining adjusted current earnings. The opinions set forth in this paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the execution and delivery of the Lease and the sale of the Certificates in order that the Interest Component be, or continue to be, excluded from gross income for federal and Missouri income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of the Interest Component in gross income for federal and Missouri income tax purposes retroactive to the date of original execution and delivery of the Certificates. The Certificates have not been designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Special Tax Counsel expresses no opinion as to the treatment for federal income tax purposes of any monies received by an owner of the Certificates other than payments made by the City pursuant to the Lease, upon an Event of Nonappropriation or an Event of Default. There is no assurance that such monies received by the owners of the Certificates in such events will be excluded from gross income for federal income tax purposes. Special Tax Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Certificates.

Other Tax Consequences

Prospective purchasers of the Certificates should be aware that there may be tax consequences of purchasing the Certificates other than those discussed under the caption "Opinion of Special Tax Counsel," including the following:

(1) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Certificates or, or, in the case of a financial institution, that portion of such institution's interest expense allocable to the Interest Component;

(2) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including the Interest Component;

(3) for taxable years beginning before January 1, 1996, the Interest Component earned by some corporations could be subject to the environmental tax imposed by Section 59A of the Code;

(4) the Interest Component earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code;

(5) passive investment income, including the Interest Component, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year, if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; and

(6) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of the Interest Component.

Special Tax Counsel expresses no opinion regarding these tax consequences. Purchasers of Certificates should consult their own tax advisors as to the applicability of these consequences.

ABSENCE OF LITIGATION

There is not now pending or, to the knowledge of the City, threatened, any litigation seeking to restrain or enjoin or in any way limit the approval or the issuance and delivery of this Official Statement or the Certificates or the proceedings or authority under which they are to be issued. There is no litigation pending or, to the knowledge of the City, threatened which in any manner challenges or threatens the powers of the City to enter into or carry out the transactions contemplated by the Indenture and this Official Statement.

FINANCIAL ADVISOR

A.G. Edwards & Sons, Inc., St. Louis, Missouri, has been retained by the City as Financial Advisor in certain aspects of this financing and has assisted in the preparation of this Official Statement. A.G. Edwards & Sons, Inc., in its capacity as Financial Advisor, has read and participated in drafting certain portions of this Official Statement and has supervised the compilation and editing thereof. The Financial Advisor has not, however, independently verified the factual information contained in the Official Statement.

CONTINUING DISCLOSURE INFORMATION

In accordance with the requirements of Rule 15c-12 (the "Rule") promulgated by the Securities and Exchange Commission, the City has agreed to provide:

(i) to all Nationally Recognized Municipal Securities Information Repositories ("NRMSIR") certain annual financial information and operating data, including audited financial statements prepared in conformance with generally accepted accounting principles, information generally consistent with the information contained in this Official Statement under the captions "GENERAL INFORMATION CONCERNING THE CITY," "DEBT

STRUCTURE OF THE CITY,” “FINANCIAL INFORMATION CONCERNING THE CITY” and “PROPERTY TAX INFORMATION CONCERNING THE CITY,” and information with respect to litigation if, in the judgment of the City, such litigation would have a material adverse affect on the financial condition of the City. Such information shall be made available within 120 days after the end of each fiscal year of the City to each NRMSIR, the Trustee, the Underwriter, and to each owner of Certificates who makes a request for such information;

(ii) in a timely manner, to each NRMSIR or to the Municipal Securities Rulemaking Board (“MSRB”) notice of the occurrence of any of the following events with respects to the Certificates, if such event is material:

- a. Delinquency in payment when due on any Base Rentals;
- b. Occurrence of any Event of Default under the Indenture or the Lease (other than as described in clause (a) above);
- c. Adverse tax opinions or events affecting the tax-exempt status of the Certificates;
- d. Amendment to the Indenture, the Lease or the Ground Lease or the City’s continuing disclosure undertaking pursuant to the Rule modifying the rights of the owners of the Certificates;
- e. Giving of a notice of optional or unscheduled prepayment of any Certificates;
- f. Defeasance of the Certificates or any portion thereof;
- g. Any change in any rating on the Certificates;
- h. Any unscheduled draw on the Reserve Fund reflecting financial difficulties; and
- i. The release, substitution or sale of property securing repayment of the Certificates (including property leased, mortgaged or pledged as such security); and

(iii) in a timely manner, to each NRMSIR or to the MSRB, notice of a failure (of which the City has acknowledge) to provide the required annual financial information on or before the date specified in its written continuing disclosure undertaking.

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

The City reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City; provided that, the City agrees that any such

modification will be done in a manner consistent with the Rule. The City reserves the right to terminate its obligation to provide annual financial information and notices of material events, as set forth above, if and when the City no longer remains an "Obligated Person" with respect to the Certificates within the meaning of the Rule. The City acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the owners of the Certificates and shall be enforceable by the owners of the Certificates provided that the right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the City's obligations hereunder and any failure by the City to comply with the provisions of this undertaking shall not be an Event of Default with respect the 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 have been approved by the City.

CITY OF CHESTERFIELD, MISSOURI

By: _____
Mayor

APPENDIX A

DEFINITIONS OF WORDS AND TERMS

AND

SUMMARIES OF LEGAL DOCUMENTS

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CERTAIN DEFINITIONS

In addition to words and terms defined elsewhere in the Official Statement, the following words and terms used in the Official Statement shall have the following meanings:

"Additional Certificates" means any additional certificates of participation issued pursuant to the Indenture.

"Additional Project" means any capital improvements that are financed with the proceeds of Additional Certificates.

"Authorized City Representative" means the person or persons at the time designated by written certificate furnished to the Trustee, to act on behalf of the City. Such certificate shall contain the specimen signature of such person or persons, shall be signed on behalf of the City by the Mayor and may designate an alternate or alternates.

"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 Facilities during the term of the Lease.

"Certificate Payments" means the payments to be made to the Owners of the Certificates, whether representing Interest Component only or 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, including rating agency fees, advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, legal fees of parties to the transaction, costs of title insurance and all other initial fees and disbursements contemplated by the Lease and the Indenture.

"Defeasance Obligations" means:

(a) direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, Refcorp interest strips, CATS, TIGRS, STRPS;

(b) defeased municipal bonds rated AAA by S&P or Aaa by Moody's (or any combination thereof); or

(c) other obligations approved by the Insurer.

"Event of Default" means an Event of Default as described under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Default and Remedies."

"Event of Lease Default" means an Event of Default as described under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE - Defaults."

"Event of Nonappropriation" shall have the meaning set forth under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE - Nonappropriation."

"Facilities" means the real estate and improvements thereon which have been leased from the City to the Trustee pursuant to the Ground 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 Certificate Payment Fund, the Reserve Fund, the Delivery Costs Fund, the Prepayment Fund, the Insurance Fund and the Rebate Fund.

"Ground Lease" means the Ground Lease dated as of August 1, 1995, between the City, as lessor, and the Trustee, as lessee, granting the Trustee a leasehold interest in the Facilities for a term stated therein, as said Ground Lease may be amended, extended or renewed from time to time.

"Indenture" means the Declaration and Indenture of Trust dated as of August 1, 1995, executed by the Trustee, and any amendments and supplements thereto.

"Initial Term" means the initial period of the Lease, commencing as of August 1, 1995 and expiring on December 31, 1995.

"Interest Component" means the portion of each Base Rental that represents the payment of interest.

"Investment Securities" means and includes any of the following securities, if and to the extent the same are permitted by law for investment of City funds:

(1) Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee ("Direct Obligations");

(2) Direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation ("FHLMCs"); debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association ("FNMA's"); participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association ("GNMA's"); guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; guaranteed transit bonds of the Washington Metropolitan Area Transit Authority; and Resolution Funding Corporation securities;

(3) Direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's and "A" or better by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured, uninsured and

unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's and "A" or better by S&P;

(4) Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, "P-1" by Moody's and "A-1" or better by S&P;

(5) Federal funds, unsecured certificates of deposit, time deposits or bankers acceptances (in each case having maturities of not more than 365 days) of any domestic bank including a branch office of a foreign bank which branch office is located in the United States, provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which, at the time of purchase, has a short-term "Bank Deposit" rating of "P-1" by Moody's and a "Short-Term CD" rating of "A-1" or better by S&P;

(6) Deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than \$3 million, provided such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation;

(7) Investments in money-market funds rated "AAAm" or "AAAm-G" by S&P;

(8) Repurchase agreements collateralized by Direct Obligations, GNMA's, FNMA's, or FHLMC's with any registered broker/dealer subject to the jurisdiction of the Securities Investors' Protection Corporation or any commercial bank insured by the FDIC, if such broker/dealer or bank has an unsecured, unsecured and unguaranteed obligation rated "P-1" or "A3" or better by Moody's and "A-1" or A-" or better by S&P, provided:

- a. a master repurchase agreement or specific written repurchase agreement governs the transaction, and
- b. the securities are held free and clear of any lien by the Trustee or an independent third party acting solely as agent (the "Agent") for the Trustee, and such third party is (i) a Federal Reserve Bank, (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million, or (iii) a bank approved in writing for such purpose by the Insurer, and the Trustee has received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee, and
- c. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 CFR 306.1 et seq. or 31 CFR 350.0 et seq. in such securities is created for the benefit of the Trustee, and
- d. the repurchase agreement has a term of 180 days or less, or the Trustee or the Agent will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation, and
- e. the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%; or

(9) Investment agreements, the issuer, form and substance of which are specifically approved by the Insurer.

"Lease" means the Lease/Purchase Agreement dated as of August 1, 1995, between the Trustee, as lessor, and the City, as lessee, and any amendments and supplements thereto.

"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.

"Lease Rights" means, collectively, all of the rights, title and interest of the Trustee (i) under the Lease, including the rights to receive Lease Revenues thereunder, but excluding Reserved Rights, (ii) in and to the Facilities and (iii) in and to the Ground Lease.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the City of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall 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 Facilities, 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.

"Official Statement" means the Preliminary Official Statement dated _____, 1995, and the final Official Statement dated _____, 1995, prepared in connection with the sale of the Certificates.

"Opinion of Counsel" means a written opinion of counsel who is acceptable to the Trustee. The counsel may be an employee of or counsel to the City or the Trustee.

"Option Price" means the price at which the City may elect to purchase from the Trustee the Trustee's interest in the Facilities on the Optional Prepayment Date prior to the scheduled payment of all sums to be paid for the Trustee's interest in the Facilities.

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

"Outstanding" means, as of the date of determination, all Certificates theretofore executed and delivered pursuant to the Indenture except (i) Certificates theretofore canceled 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, and (iv) Certificates paid or deemed to be paid.

"Owner" means the registered owner of a Certificate as shown on the register.

"Payment Date" means each February 15 and August 15 during any Renewal Term, commencing on February 15, 1996.

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

"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 Trustee or 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 Facilities; (iv) such minor defects, irregularities, encumbrances, easements, mechanics' liens, rights-of-way and clouds on title as normally exist with respect to property similar in character to the Facilities and (a) as do not, in the opinion of the City certified in writing to the Trustee, materially impair the property affected thereby for the purpose for which it was acquired or is held by the Trustee or the City, or (b) are adequately insured against by a title insurance policy reasonably satisfactory to the Trustee and the City; and (v) the exceptions shown in the commitment for title insurance with respect to the Facilities delivered simultaneously with the delivery of the Certificates.

"Prepayment Date" means any date set for prepayment of the Principal Portion of Base Rentals represented by Certificates which shall be a Payment Date.

"Prepayment Price" means, with respect to any Certificate (or portion thereof), the Prepayment Price as set forth in the Official Statement under the caption "THE CERTIFICATES - Prepayment Provisions."

"Principal Component" means the portion of each Base Rental that represents the payment of principal.

"Purchase Price" means the amount that the City may pay to the Trustee to purchase the Trustee's interest in the Facilities.

"Record Date" means, with respect to any Payment Date, the first day of the month containing each Payment Date.

"Renewal Term" shall have the meaning specified under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE - Commencement of the Term of the Lease."

"S&P" means Standard & Poor's Ratings Group, a corporation organized and existing under the laws of the City 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 Tax Counsel" means an attorney at law or a 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.

"Supplemental Rent" means the amount or amounts payable by the City as described under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE - Amounts Payable."

"Term of the 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, subject to the provisions thereof concerning termination of certain of the City's obligations thereunder.

"Trust Estate" means all rights of the Trustee under the Ground Lease and the Lease and all moneys held by the Trustee as the corpus of the trust created under the Indenture and interest earnings thereon.

"Trustee" means [Trustee], St. Louis, Missouri, and its successors.

"Trustee's Expenses" means, collectively, all out-of-pocket expenses, disbursements and advances (including reasonable attorneys' fees) incurred by the Trustee in connection with the Certificates, the Ground Lease and the Lease.

[Remainder of this page intentionally left blank.]

SUMMARY OF CERTAIN PROVISIONS OF THE GROUND LEASE

Lease

Under the Ground Lease, the City has leased to the Trustee, and the Trustee has rented and leased from the City, the Facilities on the terms and conditions provided in the Ground Lease.

Term

The term of the Ground Lease commences as of the date of the delivery thereof, and shall end on August 16, 2035, unless such term is sooner terminated as provided in the Ground Lease.

Rental

As and for rental under the Ground Lease and in consideration for the leasing of the Facilities to the Trustee, the Trustee will:

- (a) simultaneously with the delivery of the Ground Lease, enter into the Lease;
- (b) simultaneously with the delivery of the Ground Lease, pay to the City the sum of \$10.00;
- (c) deposit \$ _____ from the proceeds of the Certificates in the Certificate Payment Fund to pay a portion of the Interest Components of Base Rentals represented by the Certificates during the construction of the Project;
- (d) deposit \$ _____ from the proceeds of the Certificates in the Reserve Fund;
- (e) deposit \$ _____ from the proceeds of the Certificates in the Delivery Costs Fund to pay Costs of Delivery; and
- (f) deposit the remaining proceeds of the Certificates (\$ _____) in the Construction Fund to pay the costs of the Project.

Assignments and Subleases

The Trustee may, with the prior written consent of the Insurer, assign the Ground Lease and its rights thereunder or lease the Facilities without the written consent of the City (i) if the Lease is terminated for any reason, or (ii) if an Event of Default under the Lease has occurred.

Termination

The Ground Lease will terminate upon the completion of the term; provided, however, that if the City pays 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 Facilities pursuant to the Lease, then the Ground Lease shall be considered assigned to the City and terminated through merger of the leasehold interest 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 due to an Event of Nonappropriation, the Trustee shall have the right to possession of the Facilities for the remainder of the term of the Ground Lease and shall have the right to sublease the Facilities or sell its interest in the Facilities and the Ground Lease upon whatever terms and

conditions it deems prudent; provided, however, that for the remainder of the term of this Ground Lease the Trustee (or, in the event of the Trustee's assignment of its rights hereunder, its then current assignee instead of the Trustee) shall provide the City with public liability insurance covering the premises for the remainder of the term of this Ground Lease and will furnish the Trustee with evidence thereof. 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 Facilities except as provided in the Lease (and this 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. Notwithstanding any provision in the Ground Lease to the contrary, the Trustee may not exercise any remedies thereunder without obtaining the prior written consent of the Insurer.

Default

Notwithstanding any default by the Trustee under the Ground Lease, the City shall not have the right to exclude the Trustee from the Facilities or take possession of the Facilities (other than pursuant to the Lease) or to terminate the Ground Lease prior to the expiration of its term except that if, upon the exercise of the option to purchase the Trustee's interest in the Facilities granted to the City in the Lease and after the payment of the purchase price specified therein and other sums payable under the Lease, the Trustee fails to convey its interest in the Facilities to the City pursuant to said option, then the City shall have the right to terminate the Ground Lease, such termination to be effective 30 days after delivery of written notice of such termination to the Trustee. In the event of any default by the Trustee under the Ground Lease, the City may maintain an action for damages or, if permitted in equity, for specific performance. In no event shall the Trustee be liable for consequential or punitive damages.

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SUMMARY OF CERTAIN PROVISIONS OF THE LEASE

Commencement of the Term of the Lease

The Initial Term of the Lease will commence as of August 1, 1995 and will expire at midnight on December 31, 1995, subject to the City's option to extend the term of the Lease for nineteen (19) consecutive one-year Renewal Terms commencing January 1, 1996, and a final Renewal Term commencing January 1, 2015, and ending August 16, 2015. 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 as to the Base Rentals and the Option Price.

Each option shall be exercised by the appropriation by the City Council of the City of sufficient moneys for the payment of Base Rentals and the reasonably estimated Supplemental Rent for the next succeeding Renewal Term.

If sufficient funds are not appropriated by the City Council prior to the beginning of any Renewal Term for the payment of the Base Rentals and the reasonably estimated Supplemental Rent and funds are not otherwise legally available for such purpose, the City shall vacate the Facilities upon the expiration of the then current Initial Term or Renewal Term.

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 Facilities, upon the first to occur of any of the following events: (a) the expiration of the Initial Term or any Renewal Term during which there occurs an Event of Nonappropriation (which is not thereafter waived by the Trustee as described under the caption "Nonappropriation" below); (b) on the Optional Prepayment Date on which the City has purchased the Trustee's interest in the Facilities as described under the caption "Option to Purchase the Trustee's Interest in the Facilities" below; (c) an Event of Default and a termination of the Term of the Lease as to the possessory interest of the City by the Trustee; (d) discharge of the Indenture as described under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Discharge of the Indenture" herein; or (e) August 16, 2015, which date constitutes the day following the last Certificate Payment Date of the final scheduled Renewal Term of the Lease, or such later date as all Payments required under the Lease are paid.

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 Facilities will terminate all obligations of the City under the Lease (except to the extent that the City incurred any obligation to pay Payments from moneys previously appropriated and available for such purpose) and will terminate the City's rights of use and occupancy of the Facilities; provided, however, that all other terms of the Lease and the Indenture, including the continuation of the City's purchase right as described under the caption "Option to Purchase the Trustee's Interest in the Facilities" and all obligations of the Trustee with respect to the Owners of the Certificates and the receipt and disbursement of funds will continue 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, will not discharge the lien of the Indenture.

Amounts Payable

The City has agreed in the Lease to pay the Base Rentals and the Supplemental Rent in the amounts, at the times, and in the manner described below, said amounts constituting in the aggregate the total of the annual Payments which are payable under the Lease:

(a) Base Rentals. The City agrees to pay to the Trustee during the Initial Term and each Renewal Term:

(i) Base Rentals representing a Principal Component payable in annual installments on August 15 for each Renewal Term of the Lease, commencing on August 15, 1996; and

(ii) Base Rentals representing an Interest Component payable on each February 15 and August 15 for the Term of the Lease, commencing on February 15, 1996.

(b) Supplemental Rent. The City will pay on a timely basis, to the parties entitled thereto, an amount or amounts (the "Supplemental Rent") for the Renewal Term to which the following items apply or relate, equivalent to the sum of the following:

(i) the annual fee of the Trustee for the ordinary services of the Trustee rendered and its ordinary expenses incurred under the Indenture;

(ii) the reasonable fees and charges of the Trustee, any paying agent and any registrar appointed under the Indenture with respect to the Certificates for acting as trustee, paying agent and registrar as provided in the Indenture;

(iii) the reasonable fees and charges of the Trustee for extraordinary services rendered by it and extraordinary expenses incurred by it as Trustee under the Indenture;

(iv) the costs of maintenance, operation and repair with respect to the Facilities and utility charges as required under the Lease;

(v) the costs of casualty insurance required under the Lease and workers' compensation self-insurance;

(vi) the costs of taxes and governmental charges and assessments; and

(vii) in the event that the value of the Reserve Fund is less than the Reserve Requirement, as determined by the Trustee in accordance with the Indenture, to the Trustee for deposit in the Reserve Fund on or before the next succeeding valuation date, the amount of such deficiency.

(c) Prepayment of Base Rentals. If the City is not in default in making Payments described in (a) and (b) above, the Trustee, at the written direction of the City, at any time when the aggregate moneys in the Certificate Payment Fund are sufficient for such purposes, shall (i) if the Outstanding Certificates are then prepayable under the provisions of the Indenture, take all steps that may be necessary under the applicable prepayment provisions of the Indenture to effect the prepayment of all or such part of the then Outstanding Certificates as may be specified by the City, on such prepayment date as may be specified by the City, (ii) cause such moneys in the Certificate Payment Fund or such part thereof as the City shall direct to be applied by the Trustee for the purchase of Certificates in the open market for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of delivery for cancellation, or (iii) a combination of (i) and (ii) as provided in such direction.

Covenant to Request Appropriations

Subject to the provisions described in "Limitations on Liability" below, the City agrees that it will (i) include in its budget request to the City Council of the City all moneys that are necessary to fulfill the City's obligations pursuant to the Lease, and (ii) seek an appropriation of such funds in a timely fashion so as to allow the City to pay its obligations when due.

Limitations on Liability

Notwithstanding any provision or covenant contained in the Lease, the Indenture or the Certificates, the City is not obligated to renew the Lease beyond the Initial Term or any Renewal Term, nor is the City Council obligated to budget or appropriate moneys to pay Base Rentals or Supplemental Rent beyond the end of the Initial Term or any Renewal Term in effect at a given time. The City is under no obligation to levy any taxes in order to raise revenues to pay Base Rentals or Supplemental Rent, except to the extent required during the Initial Term or any Renewal Term for which the City is obligated. In no event is the City obligated to levy any tax in excess of the maximum levy permitted by law. If the City fails to make any portion of the Payments which are due under the Lease, the City will immediately quit and vacate the Facilities, and the Payments (except for Payments which have been theretofore appropriated and are then available for such purpose) will cease. If the City fails to pay any portion of the required Payments and then fails to immediately quit and vacate the Facilities, the Trustee may immediately bring legal action to evict the City from the Facilities and commence proceedings to foreclose the lien of the Indenture. No judgment may be entered against the City for failure to make any Payments, or to pay the Option Price under the Lease, except to the extent that the City has incurred liability to make any such Payments through its actual use and occupancy of the Facilities, or through its exercise of an option that renews the Lease for an additional Renewal Term for which moneys have been appropriated, or is otherwise obligated to make such Payments pursuant to the Lease.

The Payments constitute current expenses of the City. The City's obligations under the Lease are from year to year only and do not constitute an indebtedness, liability or a mandatory payment obligation of the City in any ensuing Fiscal Year beyond the then current Fiscal Year of the City. No provision in the Lease shall be construed or interpreted as creating a general obligation or other indebtedness of the City within the meaning of any constitutional or statutory debt limitation. Neither the execution, delivery and performance of the Lease nor the execution and delivery of the Certificates directly or indirectly obligates the City to make any payments hereunder beyond those appropriated for the City's then current Fiscal Year; provided, however, that nothing in the Lease shall be construed to limit the rights of the Owners of the Certificates or the Trustee to receive any amounts which may be realized from the Trust Estate pursuant to the Indenture.

Nonappropriation

An Event of Nonappropriation will be deemed to have occurred if the City Council of the City does not appropriate, specifically with respect to the Lease, on or before January 1 of each year, moneys sufficient to pay all Base Rentals and the reasonably estimated Supplemental Rent coming due for the Renewal Term beginning on such January 1. The Trustee may waive any Event of Nonappropriation which is cured by the City within a reasonable time if, in the Trustee's judgment, such waiver is in the best interests of the Owners of the Certificates.

If an Event of Nonappropriation occurs, the City will not be obligated to pay the Base Rentals or Supplemental Rent 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 described under the caption "Limitations on Liability" above, the City will continue to be liable for the Base Rentals and Supplemental Rent allocable to any period during which the City continues to occupy the Facilities. The Trustee will, 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 Facilities as trustee for the benefit of the Owners of the Certificates and will 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 will be held by the Trustee under the Indenture for the benefit of the Owners of the Certificates until the Certificates are paid in full.

Maintenance, Operation and Care of the Facilities

The City will, at its own expense, maintain, manage and operate the Facilities and all improvements thereon in good order, condition and repair, ordinary wear and tear excepted. The City will 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.

The City will take good care of the Facilities, fixtures and appurtenances, and suffer no waste or injury thereto, ordinary wear and tear excepted. The City will repair all damage to the Facilities, its fixtures and appurtenances due to any act or omission or cause whatsoever.

There will be no allowance to the City for diminution in or abatement of the Payments and no liability on the part of the Trustee by reason of inconvenience, annoyance or injury to business arising or resulting from the Trustee, the City or others making repairs, alterations, additions or improvements in or to any portion of the Facilities, or in or to fixtures or appurtenances thereof, and no liability upon the Trustee or others to make any repairs, alterations, additions or improvements in or to any portion of the Facilities, or in or to the fixtures or appurtenances thereof.

Insurance

The City will at all times maintain or cause to be maintained with responsible insurers all insurance on the Facilities (valued as described below) which is customarily maintained (in amounts not less than provided below) with respect to properties of like character against accident to, loss of or damage to such properties.

The City will, during the Term of the Lease, keep or cause to be kept a policy or policies of insurance against loss or damage to the Facilities resulting from fire, lightning, vandalism, malicious mischief, riot and civil commotion, and such perils ordinarily defined as "extended coverage" and earthquake and other perils as commonly insured against for properties of like kind and character. Such insurance shall be maintained in an amount not less than the principal amount of the then Outstanding Certificates or the full insurable value of the Facilities, whichever amount is greater, subject to reasonable loss deductible clauses. The term "full insurable value" means the actual replacement cost, using the items of value set forth above, without deduction for physical depreciation. The "full insurable value" will be determined from time to time but not less frequently than once in every thirty-six (36) months.

All policies of insurance must provide that the proceeds thereof shall name the Trustee as loss payee. The Net Proceeds of fire, earthquake and extended coverage insurance will be deposited into the Insurance Fund under the Indenture to be applied to rebuild and repair the Facilities or prepay Outstanding Certificates.

Taxes

The Trustee and the City have agreed that the Facilities constitute public property free and exempt from all taxation; provided, however, that the Trustee agrees to cooperate with the City, upon written request by the City, to contest any proposed tax or assessment, or to take steps necessary to recover any tax or assessment paid. Notwithstanding the preceding sentence, if the Facilities or any portion thereof are, for any reason,

deemed subject to taxation, assessments or charges lawfully made by any governmental body, Supplemental Rent will be paid by the City equal to the amount of all such taxes, assessments and governmental charges then due. With respect to special assessments or other governmental charges that may be lawfully paid in installments over a period of years, the City is obligated under the Lease to provide for Supplemental Rent only for such installments that are required to be paid during the term of the Lease. The City shall not allow any liens for taxes, assessments or governmental charges to exist with respect to the Facilities or any portion thereof (including, without limitation, any taxes levied upon the Facilities or any portion thereof which, if not paid, will become a charge on the Payments and receipts from the Facilities or any portion thereof prior to or on a parity with the charge thereon and the pledge and assignment thereof to be created and made in the Indenture), or any interest therein (including the interest of the Trustee) or the Payments and revenues derived therefrom or under the Lease.

Alterations, Additions and Improvements to the Facilities

The City has the right during the term of the Lease to make any alterations, additions or improvements of any kind, structural or otherwise, as it deems necessary or desirable, on or to the Facilities, to attach fixtures, structures or signs, and to affix any personal property to the improvements on the Facilities; provided, however, that no such alteration, addition or improvement may reduce or otherwise adversely affect the value of the Facilities or the fair rental value thereof or materially alter or change the character or use of the Facilities or impair the excludability from gross income for federal income tax purposes of the Interest Component of the Base Rentals represented by the Certificates.

Except as described below, all alterations, additions and improvements to the Facilities will become the property of the Trustee and will constitute a part of the Facilities and will be subject to the Lease and the Indenture.

All of the City's equipment and other personal property installed or placed by the City in or on the Facilities which is not a fixture under applicable law or which is not paid for with the proceeds of the sale of the Certificates will remain the sole property of the City, and may be modified or removed at any time by the City and will not be subject to the lien of the Indenture. The City will repair any damage caused by such removal.

Damage, Destruction and Condemnation

If, during the term of the Lease, (i) the Facilities are 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 Facilities or any portion thereof or the estate of the City or the Trustee in the Facilities 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 Facilities is lost by reason of defect in title; then, subject to the nonappropriation provisions of the Lease and the right of the City to apply Net Proceeds to the purchase of the Trustee's interest in the Facilities, the City must continue to pay Base Rentals and Supplemental Rent and to take such action as is necessary to repair and replace the Facilities using applicable insurance proceeds.

In accordance with the Indenture, the Trustee will 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 Facilities, to be deposited into the Insurance Fund. All Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification, improvement or replacement of the Facilities by the City, except as otherwise provided in the next paragraph. The balance of any Net Proceeds remaining after the repair, restoration, modification, improvement or replacement has been completed will be deposited into the Prepayment Fund.

If such Net Proceeds are insufficient to pay in full the cost of any such repair, restoration, modification, improvement or replacement, the City will, 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 the failure to repair or restore will not materially detract from the value of the Facilities, then the City may discharge its obligation to repair or replace the Facilities 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 will pay such amounts as are necessary to equal the full Option Price, and if the Net Proceeds exceed the Option Price, such excess will be retained by the City.

The Trustee and the City agree that the risk of any loss arising out of any damage, destruction or condemnation of the Facilities shall be borne by the City and not by the Trustee or the Owners of the Certificates. The City has covenanted that in the event of any such damage, destruction or condemnation, the City will either repair, restore or replace the Facilities to essentially its same condition before any such damage, destruction or condemnation or provide funds, either through payment of the Option Price or otherwise, necessary to prepay the Certificates at the earliest practicable date.

Option to Purchase the Trustee's Interest in the Facilities

The City may purchase the Trustee's interest in the Facilities subject to the terms of the Lease on each Optional Prepayment Date by delivering written notice to the Trustee not less than sixty (60) days prior to the Optional Prepayment Date on which the option is to be exercised. The purchase price to be paid by the City to exercise the option provided in the Lease shall be an amount equal to (a) the Option Price applicable on such Optional Prepayment Date as indicated in the Lease, plus interest, premium, if any, and fees and expenses which must be paid to prepay the then Outstanding Certificates, less all amounts in reserves held by the Trustee under the Indenture which may be applied to the Prepayment of such Outstanding Certificates and such other expenses, (b) all costs of transferring the Trustee's interest in the Facilities to the City and (c) all other reasonable costs and expenses incidental thereto. The City is not obligated to purchase the Trustee's interest in the Facilities.

Events of Default

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

(a) Failure by the City to pay any Base Rentals for a period of ten (10) days after 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 sixty (60) 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 Facilities 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 (a), (b) or (c) above, for a period of sixty (60) 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 in 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 Facilities or enjoining, restraining or prohibiting the City from consummating the transactions contemplated by the Lease.

The foregoing provisions are subject to the following limitations: (i) the obligations of the City to make payments of the Base Rentals and the Supplemental Rent are 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 hereinafter defined), the City is unable in whole or in part to carry out any agreement on its part contained in the Lease, other than the payment obligations of the City, 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 herein the term "Force Majeure" shall mean, 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; epidemics; landslides; lightning; earthquakes; fire; storms; floods; washouts; droughts; arrests; restraints of government and people; civil disturbances; explosions; partial or entire failure or unavailability of utilities; or any other cause or event not reasonably within the control of the City.

Remedies on Default

Upon the occurrence and continuance of any Event of Default, the Trustee as provided in the Indenture will give notice to the City to vacate the Facilities 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 will, without further demand or notice, (i) terminate the Lease or the City's possessory rights thereunder (without otherwise terminating the Lease), re-enter the Facilities and eject all parties in possession thereof therefrom, and rent the Facilities or, at its option, sell the Facilities; or (ii) take any action at law or in equity deemed necessary or desirable to enforce its rights with respect to the Facilities.

Upon the termination of the term of the Lease or the City's possessory interests in 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 as provided in the Indenture). Notwithstanding anything in the Lease to the contrary, the Trustee is entitled to relet the Facilities to any state or political subdivision thereof 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.

The rights and remedies given or reserved in the Lease to the Trustee and the Trustee are cumulative. The exercise or non-exercise of any should not be deemed to be an election excluding the exercise or non-exercise at any other time of a different or inconsistent right or remedy or the maintenance of any action either at law or in equity.

If the City defaults in the observance or performance of any term or covenant on the City's part to be observed or performed under the terms of the Lease, the Trustee may (but shall not be obligated to do so) immediately, or at any time thereafter and without notice, and to the extent permitted by law, perform or cause to be performed the same for the account of the City, and any sums paid or obligations incurred in connection therewith shall be deemed to be Supplemental Rent and shall be paid by the City to the Trustee for appropriate disbursement within forty-five (45) days of the rendering of any bill or statement to the City therefor; provided, however, that nothing in the Lease shall be construed to obligate the City to pay any such Supplemental Rent from any funds other than moneys legally available and appropriated for such purpose.

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SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Establishment of Funds

The following funds and accounts have been established with the Trustee under the Indenture:

- (a) Certificate Payment Fund;
- (b) Reserve Fund;
- (c) Delivery Costs Fund;
- (d) Prepayment Fund;
- (e) Insurance Fund; and
- (f) Rebate Fund.

All Funds will be held by the Trustee in trust for the benefit of the Certificate Owners. The money in all of the Funds will be held in trust and applied as hereinafter provided.

Application of Certificate Proceeds

The net proceeds of the Certificates will be deposited in trust with the Trustee, who will deposit or disburse such proceeds as follows:

- (a) in the Certificate Payment Fund, all accrued interest paid with respect to the Certificates, plus the sum of \$_____ to pay a portion of the Interest Components of Base Rentals represented by the Certificates during the construction of the Project;
- (b) in the Reserve Fund, the sum of \$_____;
- (c) in the Delivery Costs Fund, the sum of \$_____; and
- (d) in the Construction Fund, the remaining proceeds of the Certificates (\$_____).

Delivery Costs Fund and Construction Fund

The Trustee shall pay Costs of Delivery from the Delivery Costs Fund upon receipt of Disbursement Requests therefor signed by the City, and shall pay Costs of the Project from the Construction Fund upon receipt of Disbursement Requests therefor signed by the City and the Project Architect. Upon certification from the City to the Trustee that all Costs of Delivery payable from the Delivery Costs Fund have been fully paid, any moneys then remaining in the Delivery Costs Fund shall be transferred to the Construction Fund.

Certificate Payment Fund

Except as otherwise provided in the Indenture, all amounts in the Certificate Payment Fund will 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 maturity) and to pay the Principal Components of Base Rentals represented by Certificates (including any prepayments).

Reserve Fund

Moneys in the Reserve Fund shall be used solely (i) to make up any deficiencies in the Certificate Payment Fund and, in the event that the 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, in the event the Trustee receives any such request, it shall transfer the amount specified therein on the date specified therein. The Trustee shall notify the Insurer of any draw on the Reserve Fund.

The Investment Securities held in the Reserve Fund shall be valued at the market value thereof, excluding accrued interest. The Trustee shall value the Reserve Fund quarterly as of the first business day of January, April, July, and October of each year. If on any such date the Reserve Fund exceeds the Reserve Requirement, the Trustee shall transfer such excess to the Certificate Payment Fund.

Prepayment Fund

All monies to be used for the optional 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. Neither the City nor the Trustee shall have any 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 paragraph.

Insurance Fund

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 the Insurance 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 Facilities 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; or
- (b) to the prepayment in whole of the Certificates.

Investment of Moneys

Moneys held in the various Funds shall be invested and reinvested by the Trustee, pursuant to written direction of the City, in Investment Securities which mature or are subject to redemption by the holder prior to the date such funds will be needed.

The Trustee shall sell and reduce to cash a sufficient amount of such Investment Securities held by the Trustee in any Fund whenever the cash balance in such Fund is insufficient for the purpose of such Fund. All Investment Securities shall be held by or under the control of the Trustee and shall be deemed at all times a part of the Fund in which such moneys are originally held. The interest accruing thereon and any profit realized from such Investment Securities shall be credited to such Fund.

Additional Certificates

Additional Certificates may be issued under and be equally and ratably secured by the Indenture on a parity with the Certificates and any other Additional Certificates Outstanding, at any time and from time to time while no Event of Default or Event of Nonappropriation has occurred and is continuing under the Indenture, with the written consent of the City, for any one or more of the following purposes:

- (1) To provide funds to pay all or any part of the costs of any Additional Project.
- (2) To provide funds to pay the costs relating to the execution and delivery of the Additional Certificates.
- (3) To provide funds to pay interest during the estimated period of acquisition and construction of the completion of any Additional Project.
- (4) To provide funds for the purpose of refunding all or a portion of the Certificates of any series then Outstanding, including the payment of any premium thereon and interest to accrue to the designated prepayment date and any expenses in connection with such refunding.

Each series of Additional Certificates shall be issued pursuant to a supplement to the Indenture and shall be equally and ratably secured under the Indenture with the Certificates and any other series of Additional Certificates, without preference, priority or distinction of any Certificates over any other Certificates. Prior to or simultaneously with the execution and delivery of such Certificates by the Trustee, there shall be filed with the Trustee the following:

- (1) Written consent of the City to the delivery of Additional Certificates.
- (2) A certificate of the City, stating that as of the date of such delivery no event or condition has happened or existed and is continuing, or is happening or existing, which constitutes, or which, with notice or lapse of time or both, would constitute, an Event of Default under the Indenture or the Lease and there has not occurred an Event of Nonappropriation.
- (3) An original executed counterpart of the Supplemental Indenture and the amendment to the Ground Lease and the Lease providing, among other things, for adjusting the Base Rentals payable by the City under the Lease to include payment of the Interest Component and the Principal Component of the Base Rentals represented by such Additional Certificates and for adjusting the Option Price payable at the option of the City under the Lease.
- (4) So long as the Insurer is not in default in its payment obligations under the Insurance Policy, the written consent of the Insurer to the delivery of Additional Certificates following delivery to the Insurer of any offering document or other material or information prepared for and circulated in connection with the offering of the Additional Certificates.
- (5) An opinion of Special Tax Counsel to the effect that the Additional Certificates represent valid and legally binding proportionate interests in the rights to receive Base Rentals from the

City under the Lease and that the issuance of such Additional Certificates will not result in the Interest Component of the Base Rentals distributed to the Owners of any Certificates then Outstanding becoming includible in gross income for federal income tax purposes.

(6) In the case of Additional Certificates being issued to refund Outstanding Certificates, such additional documents as shall be reasonably required by the Trustee to evidence that provision has been duly made in accordance with the Indenture for the payment of the Certificates to be refunded.

(7) Such other certificates, statements, receipts and documents as the Trustee shall reasonably require for the delivery of such Additional Certificates.

Events of Default

The occurrence of any of the following events is hereby 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.

Acceleration

Upon the occurrence of an Event of Default or an Event of Nonappropriation, the Trustee may, subject to the prior written consent of the Insurer so long as the Insurer is not in default of its payment obligations under the Insurance Policy, and upon receipt of written instruction from 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 Lease Default or an Event of Nonappropriation, the Trustee may exercise any remedies available under the Lease and, to the extent consistent therewith, may sell, lease or manage any portion of the Facilities or the Trustee's interest in the Facilities and apply the net proceeds thereof as provided below and, whether or not it has done so, may pursue any other remedy available to it under the Lease or the Assignment or at law or in equity.

No remedy by the terms of the Indenture 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 now or hereafter existing at law or in equity or by statute. 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.

Application of Moneys

All moneys received by the Trustee upon the occurrence of an Event of Default 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 Delivery Costs 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 such 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) above.

Whenever moneys are to be applied as described in the foregoing paragraphs, such moneys shall be applied at such times as the Trustee determines. Whenever the Trustee applies such funds, it will fix the date (which will 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 will cease to accrue. The Trustee will 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 will not be required to make payment to the Owner of any Certificate until the Certificate is presented to the Trustee for appropriate endorsement or for cancellation if paid in full.

Whenever the Principal Component and the Interest Component of the Base Rentals represented by all Certificates have been paid and all expenses and charges of the Trustee have been paid, any balance remaining in the Funds will be paid to the City.

Remedies Vested in Trustee

All remedies and rights of action (including the right to file proof of claims) under the Indenture or under any of the Certificates may be enforced by the Trustee without the possession of any of the Certificates or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding

instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Owners of the Certificates. Any recovery of judgment or other amounts shall be for the equal benefit of the Owners of the Outstanding Certificates.

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 hereunder, 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 or to institute such action suit or proceedings in its, his, her or their name or names. Such occurrence, request and indemnity are in every case at the option of the Trustee 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 hereunder. 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 this paragraph. 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, subject to the prior written consent of the Insurer, 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 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, respectively, but no such waiver or rescission shall extend to any subsequent or other default or impair any right consequent thereon.

Amendments of the Indenture, Lease and Ground Lease

In addition to amendments permitted under the next paragraph, the Indenture, the Lease and the Ground Lease may be modified or amended by the parties thereto with the written consent of the Trustee (which shall not unreasonably be withheld), the City, if not a party thereto, the Insurer and the Owners of a majority in aggregate principal amount of the Certificates then Outstanding. 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

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, or (ii) has been provided by irrevocably depositing with the Trustee, 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. In the event the interest earnings on such Defeasance Obligations are necessary to provide for the payment of the Certificates, the City shall provide the Trustee with a report from an independent certified public accounting firm verifying the sufficiency of the amounts on deposit with the Trustee to provide for payment in full of the Certificates as provided in the Indenture. At such times as a Certificate is deemed to be paid under the Indenture, as aforesaid, 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.

APPENDIX B

PRELIMINARY

INDEPENDENT AUDITOR'S REPORT

AND

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1994

(SELECTED PORTIONS)

APPENDIX C

FORM OF LEGAL OPINION